

**CENTERVILLE CITY CORPORATION
CENTERVILLE, UTAH**

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

Year Ended June 30, 2005

CENTERVILLE CITY CORPORATION, UTAH
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2005

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INTRODUCTORY SECTION



CENTERVILLE CITY

250 North Main • Centerville, Utah 84014-1824 • (801) 295-3477 • Fax: (801) 292-8034

Incorporated in 1915

Mayor

Michael L. Deamer

City Council

Paul Cutler

Jack Dellastatious

David R. Gutke

R. Dean Layton

Debbie Randall

City Manager

Steve H. Thacker

December 16, 2005

To the Honorable Mayor, City Council and Citizens of Centerville, Utah

State law requires that all cities publish within six months of the close of the fiscal year a complete set of financial statements presented in conformance to generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a qualified, licensed certified public accounting firm. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of Centerville, Utah for the fiscal year ended June 30, 2005.

These statements are prepared to comply with the requirements promulgated by the Government Accounting Standards Board (GASB) Statement 34. Significant changes in the basic statements is the addition of city-wide consolidated reports that include a statement of net assets and a statement of activities. They take the place of the traditional balance sheet and operating statements used in private business, but serve a similar purpose. These city-wide statements consolidate all funds and component units of the City and use full accrual basis of accounting with a flow of financial resources measurement focus. These city-wide statements will make it easier to measure and analyze the changes in financial position over time.

This report consists of management's representation concerning the finances of Centerville City. We believe that the data, as presented, is accurate in all material aspects and fairly sets forth the financial position and results of operations of the City as measured by the financial activities of its various funds. Disclosures necessary to enable the reader to gain an understanding of the City's financial affairs have also been included. Additional review and management analysis of the financial statements and financial position of the City is provided in the Management's Discussion and Analysis.

The financial statements have been audited by Hansen, Bradshaw, Malmrose & Erickson, PC, a licensed certified public accounting firm qualified to perform audits of municipal governments. The goal of the independent audit was to provide reasonable assurance that the financial statements of Centerville City for the fiscal year ended June 30, 2005, are free of material misstatement. The independent audit involved examining, on a test basis, evidence of supporting the amounts and disclosures in the financial statements; assessing the accounting principles and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Centerville City's financial statements for the fiscal year ended June 30, 2005, are fairly presented in conformity with GAAP. The independent auditor's report is presented at the

beginning of the financial section of this report.

This comprehensive annual financial report is presented in 3 sections:

1. *The Introductory Section*, which is unaudited, includes this letter of transmittal, The Government Finance Officers reporting certificate, listing of City Officials, and the City's organization chart.
2. *The Financial Section*, which includes the independent auditor's report, Management's Discussion and Analysis, the basic financial statements, combining and individual fund schedules, and schedules of capital assets used in governmental fund operations.
3. *The Statistical Section*, includes tables and graphs of selected financial and demographic information. Some tables include multi-year comparative history data.

Community and History

Centerville was settled in the fall of 1847 by Thomas Grover and his family. In the spring of 1848 the Deuel brothers moved to the community to farm the rich soils. Early Centerville was a farming community, producing superior crops from the rich soils deposited from the streams which flowed from the canyons of the Wasatch Mountains. By 1853 the community had grown to 194 inhabitants. The community was incorporated as a Town in 1915.

Centerville continued to be a farming community through the 1940's, including market gardening and orchards of apples, apricots, cherries and peaches. Due to its proximity to Salt Lake City and its appealing setting, however, Centerville has since grown primarily into a suburban community.

Organization

Centerville is a city of the third class (population between 800 and 59,999), operating under the Council-Manager form of government by ordinance. The legislative body, the City Council, is comprised of five members plus the Mayor. The Mayor and council members are elected to staggered four-year terms. The City Council establishes policies and procedures for the efficient administration and operation of the City and approves and amends the budget. The City Manager is hired upon the recommendation of the Mayor and approval by the City Council. The City Manager is responsible for the daily management of the City. The Financial Statements of the City include all government activities, organizations and functions for which the City is financially accountable as defined by the Governmental Accounting Standards Board. Based on these criteria, the Redevelopment Agency of Centerville City and Municipal Building Authority of Centerville City are included; however, no other governmental organizations are included in this report.

Services

Major services provided or funded by the City include Justice Court, Police, Street Improvements and Maintenance, Culinary Water, Drainage/Flood Control, Solid Waste Collection and Disposal, Planning and Zoning, Building Inspection, Code Enforcement, Parks Maintenance & Construction, Youth and Adult Recreation, Cemetery, Local Museum.

Major services provided under the Enterprise Fund include culinary water, storm drainage and solid waste collection (sanitation). Fire service and solid waste disposal, are provided by special districts, with funding coming from municipalities within the districts, including Centerville City. Solid waste collection is provided through the City by a private contractor.

Economic Factors and Conditions

The City has had minimal residential and commercial growth in the last 5 years. However, revenues have remained steady, and the City has had sufficient resources for providing needed service in the City, and has not had to adjust service or spending plans.

Sales tax, the main source of tax revenue in the City, has not significantly increased for the last 3 years, mostly due to a slow regional economy and no new retailers in the City. However, the local and regional economy show signs of strengthening and sales taxes are expected to increase at slightly higher rates than in recent history, approximately 6%. There are also several proposed new commercial and residential projects in the City that will likely be under construction within the next two years.

Major Initiatives

Public Works Projects

During Fiscal Year 2004-2005, the City completed several public works projects in accordance with its capital improvement plans. Two projects are particularly noteworthy. First, Parrish Creek along 400 West was enclosed in a box culvert and the street was subsequently widened. Second, nearly \$1 million in improvements or repairs were made in the Chase Lane West Subdivision, including subdrain construction, storm drain and culinary water repairs, a new irrigation system and reconstructed streets.

City officials also negotiated a cost-sharing agreement with Union Pacific Railroad, Utah Transit Authority and Davis County, which will result in the replacement/enlargement of several drainage culverts under the Union Pacific and UTA Commuter Rail tracks.

Parks Improvements

The City made significant progress implementing the Parks Master Plan. Founders Park was renovated, including new pavilion, restrooms and landscaping. Porter-Walton Park was built next to the new County library facility on 400 West. Plans were made for the Frontage Road Parkway, Parrish Creek Parkway, Southwest Urban Trail and Northeast Park. Initial construction on these four projects will begin in Fiscal Year 2005-2006.

Community Development

The Community Development Department managed a heavy load of applications for both commercial and residential development in Fiscal Year 2004-2005. Several subdivisions reviewed by staff will ultimately add a total of several hundred dwelling units in the city. Of particular note, Pineae Nursery will be developed into approximately 230 residences. Commercial development is also surging, spurred by the approval of a Wal-Mart Supercenter.

City officials continue to anticipate the construction of a broad-band fiber optic network in the community to be leased to providers of high speed data, voice and video services. Centerville is a member of the Utah Telecommunications Open Infrastructure Agency (UTOPIA), which is constructing the system in its member cities. Work in Centerville is planned for 2006.

Regional Consolidation of Services

Regional emergency services were improved with the consolidation of the South Davis Fire District and Bountiful Fire Department, effective January 1, 2005. Centerville receives fire protection, ambulance and paramedic services from the new entity, named the South Davis Metro Fire Agency.

Centerville City is also a member of the South Davis Recreation District, a regional entity approved by the voters during Fiscal Year 2004-2005. The new District is now constructing a \$20 million recreation facility to serve the residents of five cities.

Cash Management

The City receives banking services from Wells Fargo Bank. The City has accounts for payroll, accounts payable, RDA. Idle cash is invested by the City Treasurer in the Public Treasurer's Investment Fund managed by the Utah State Treasurer's office. The Treasurer's activities are regulated by the Utah State Money Management Act which stipulates investment guidelines for the proper management of investment portfolios.

Risk Management

The City is a member of Utah Risk Management Mutual Association (URMMA), a risk pool established in 1987 for liability insurance. The focus of the pool is to insure its members reduce

risk and manage claims. Commercial insurance for property and equipment is purchased through cooperative agreements with URMMA to acquire group rates. The City, through URMMA, is very dedicated to risk management. Premium calculations include a modifier determined by a yearly inspection by URMMA for liability exposure.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Centerville City for its comprehensive annual financial report for the fiscal year ended June 30, 2004. This was the sixth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report, the contents of which conform to program standards. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to conform to the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department and City employees in the Community Development and Public Works departments. We would like to thank the Mayor and members of the City Council for their interest and support in the financial operations of the City, for demonstrating fiscal responsibility, and for striving to achieve the highest possible standards.

Respectfully submitted,



Blaine L. Lutz
Finance Director/Assistant City Manager

**CENTERVILLE CITY CORPORATION
PRINCIPAL OFFICIALS**

EXECUTIVE BUDGETARY

Steve H. Thacker
Blaine L. Lutz

City Manager
Finance Director/Asst. City Manager

STATUTORY APPOINTED OFFICIALS

Marilyn Holje
Jolene Jackson
David Miller

Recorder
Treasurer
Justice Court Judge

DEPARTMENT HEADS

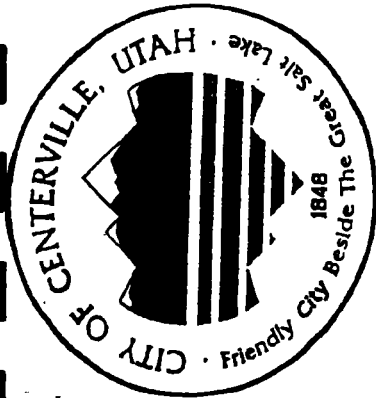
Neal Worsley
Randy Randall
Bruce Cox
Richard Hunt
Corvin Snyder

Police Chief
Public Works Director
Parks Supervisor
Recreation Supervisor
Community Development Director

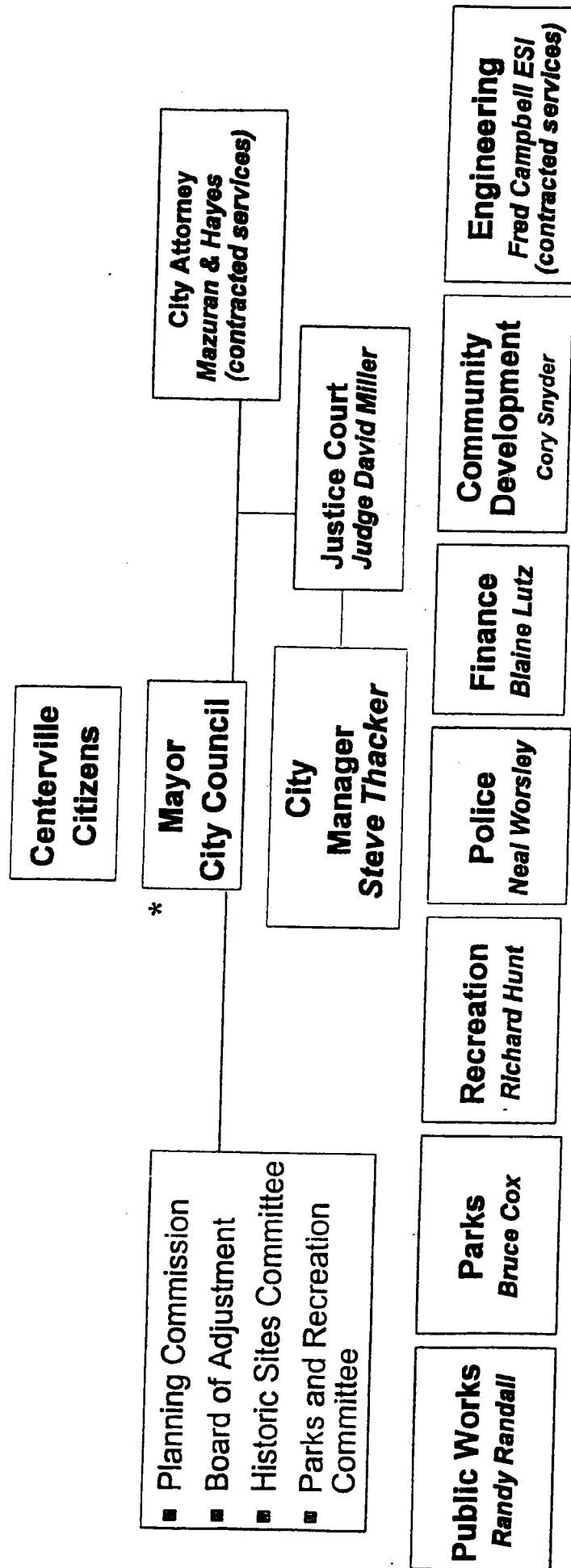
OTHER CITY OFFICIALS

Marsha Morrow
Paul Child
Fred Campbell
Michael Mazuran

Deputy City Recorder
Police Lieutenant
Engineer
Attorney



CENTERVILLE CITY ORGANIZATIONAL CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Centerville City Corporation,
Utah

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Ziehl

President

Jeffrey R. Enos

Executive Director

FINANCIAL SECTION

Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation

CERTIFIED PUBLIC ACCOUNTANTS

559 West 500 South
Bountiful, Utah 84010
801-296-0200
Fax 801-296-1218

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Honorable Mayor and Members of the City Council
Centerville City Corporation, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Centerville City Corporation, Utah (the City), as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Centerville City Corporation, Utah, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund and major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

L. Lynn Hansen, CPA
Clarke R. Bradshaw, CPA
Gary E. Malmrose, CPA
Edwin L. Erickson, CPA

Michael L. Smith, CPA
Jason L. Tanner, CPA
Rick Lifferth, CPA

Members of the
American Institute
of Certified Public
Accountants

Members of the
Private Company
Practice Section

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2005, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 11-21 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Hansen, Bradshaw, Malmrose & Erickson, P.C.

December 5, 2005

Management's Discussion & Analysis

The management of Centerville City presents the following narrative and analysis of the financial statements and financial activities of Centerville City as prescribed by the Governmental Accounting Standards Board (GASB). The information and analysis pertains to the fiscal year ended June 30, 2005.

Financial Highlights

The assets of Centerville City exceeded its liabilities at June 30, 2005 by \$23,722,757 (net assets). Of this amount \$6,099,449 (unrestricted net assets), may be used to meet the City's ongoing obligations.

Centerville's total net assets increased \$4,657,167 from the prior year. Primary factors for this net increase are 1) Capital grants and contributions, primarily contributions by developers of streets and related infrastructure including the underlying land, in the amount of \$2,458,208 2) Operations from governmental activities increased net assets by \$1,471,818 3) Capital contributions of business type activities from developers for utilities and related infrastructure in the amount of \$410,000 4) Operations of business-type activities increased net assets by \$317,141.

Centerville's governmental funds reported a combined ending fund balances of \$4,829,824 at June 30, 2005, a \$280,875 change from the previous year. Of the ending fund balances, \$1,738,490 is available for spending at the City's discretion (unreserved fund balance).

At June 30, 2005, unreserved fund balance of the general fund was \$1,097,318 or 17.89% of total general fund expenditures for the year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Centerville City's basic financial statements. Centerville City's basic financial statements comprise of three components. 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of Centerville City's finances, in a manner similar to private sector businesses.

The *statement of net assets* presents information on all of Centerville City's assets and liabilities, with difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as an indicator of changes in financial position of the City.

The *statement of activities* presents information showing how Centerville City's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in future periods. For example, uncollected taxes that have been levied but not received.

Both of the government-wide financial statements distinguish functions of Centerville City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Centerville City include general government, police, community development, streets and public improvements, parks and recreation. The business type activities of Centerville City include services for culinary water, storm and sub-surface water and solid waste.

The government-wide financial statements include Centerville City (known as the primary government) and two separate legal entities (known as component units). The financial information for the Centerville City Redevelopment Agency Redevelopment Agency (RDA), and the Centerville City Municipal Building Authority, are included in the statements. However, because the City's governing body is the same as the governing boards of both of these component units and can substantially control them, their financial information is blended and reported together with the financial information presented for the primary government.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Centerville City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related laws and refutations. All of the funds of Centerville City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on the near term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the fiscal year. Such information may be useful in evaluating the near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with the similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long term impact of the City's near term financing decisions. Both the governmental

funds balance sheet and the governmental fund statement of revenues, expenditures and changes in the fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Centerville City maintains thirteen (13) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures and changes in fund balances for the general fund and Redevelopment Agency, both of which are considered major funds. Data from the other thirteen (13) governmental funds are combined into a single, aggregate presentation. Individual fund data for each governmental fund is provided in the form of individual and combining statements elsewhere in the report.

Centerville City adopts an annual budget for its general fund as well as the does the Centerville City Redevelopment Agency. A budgetary comparison statement has been provided for the general fund and Redevelopment Agency to demonstrate compliance with budget.

Proprietary funds - Centerville City maintains one type of proprietary fund known as an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government wide financial statements. The City uses enterprise funds to account for water, solid waste collection, and drainage.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and drainage funds because they are considered as major funds. Conversely, solid waste collection is considered to be non-major and is a single presentation. Individual and combining financial statements are provided elsewhere in this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and the accompanying notes, this report also presents combining and individual schedules referred to earlier in connection with the non-major governmental funds. They are presented immediately following the notes to the financial statements. Selected statistical information is presented in tabular form. Auditors reports on compliance are also included at the end of the document.

Government-wide Financial analysis

As noted earlier, net assets is an indicator of a government's financial position. In the case of Centerville City, assets exceeded liabilities by \$23,722,757 at June 30, 2005.

The largest portion of the City's net assets \$16,087,437 or 68% reflects investments in capital assets including land, buildings, machinery and equipment, less any related debt used to acquire those assets that is still outstanding. The City uses capital assets to provide services to citizens; consequently these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, since capital assets cannot be used to liquidate these liabilities.

A portion of the City's net assets \$1,535,871, or 6.47% represents resources that are subject to external restrictions on how they may be utilized. The remaining balance of unrestricted net assets \$6,099,449 may be used to meet the ongoing obligations to citizens and creditors.

Centerville City Net Assets

	Governmental Activities 2005	Governmental Activities 2004	Business-Type Activities 2005	Business-Type Activities 2004	Total 2005	Total 2004
Current and other assets	\$8,065,753	\$6,758,288	\$1,880,546	\$2,587,386	\$9,946,299	\$9,345,674
Capital assets	\$9,976,712	\$6,662,939	\$11,294,421	\$9,865,904	\$21,271,133	\$16,528,843
Total assets	\$18,042,465	\$13,421,227	\$13,174,967	\$12,453,290	\$31,217,432	\$25,874,517
Long-term liabilities	\$1,634,496	\$1,827,851	\$3,887,643	\$4,042,505	\$5,522,139	\$5,870,356
Other liabilities	\$1,753,245	\$868,678	\$219,290	\$69,893	\$1,972,535	\$938,571
Total liabilities	\$3,387,741	\$2,696,529	\$4,106,933	\$4,112,398	\$7,494,674	\$6,808,927
<u>Net assets</u>						
Invested in capital assets, net of related debt	\$8,650,016	\$5,117,989	\$7,437,421	\$6,995,904	\$16,087,437	\$12,113,893
Restricted	\$0	\$58,474	\$1,535,871	\$1,501,324	\$1,535,871	\$1,559,798
Unrestricted	\$6,004,708	\$5,548,235	\$94,741	(\$156,336)	\$6,099,449	\$5,391,899
Total net assets	\$14,654,724	\$10,724,698	\$9,068,033	\$8,340,892	\$23,722,757	\$19,065,590

At the end of the current fiscal year the City was able to report positive balances in all three categories of net assets for the government as a whole, as well as for separate governmental activities, and business-type activities.

Centerville City Change in Net Assets

	Governmental 1 Activities 2005	Governmental 1 Activities 2004	Business-type Activities 2005	Business-type Activities 2004	Total 2005	Total 2004
<u>Revenues</u>						
<u>Program revenues</u>						
Charges for services	\$1,417,565	\$1,192,084	\$2,958,907	\$2,953,829	\$4,376,472	\$4,145,913
Operating grants and contributions	\$42,682	\$23,566			\$42,682	\$23,566
Capital grants and contributions	\$2,458,208	\$71,155	\$410,000		\$2,868,208	\$71,155
<u>General revenue</u>						
Property tax and uniform vehicle fees	\$1,667,607	\$1,504,549			\$1,667,607	\$1,504,549
Other taxes	\$3,698,607	\$3,510,740			\$3,698,607	\$3,510,740
Other	\$290,599	\$771,953	\$54,320	\$20,039	\$344,919	\$791,992
Total revenue	\$9,575,268	\$7,074,047	\$3,423,227	\$2,973,868	\$12,998,495	\$10,047,915
<u>Expenses</u>						
General government	\$1,790,796	\$1,763,330			\$1,790,796	\$1,763,330
Police	\$1,642,764	\$1,566,235			\$1,642,764	\$1,566,235
Streets and public works	\$1,307,744	\$1,327,423			\$1,307,744	\$1,327,423
Parks and recreation	\$861,866	\$991,715			\$861,866	\$991,715
Community development	\$322,135	\$292,154			\$322,135	\$292,154
Interest on long-term debt	\$161,735	\$358,568			\$161,735	\$358,568
Water			\$1,179,885	\$2,836,098	\$1,179,885	\$2,836,098
Sanitation			\$622,042	\$657,062	\$622,042	\$657,062
Storm drain			\$452,361	\$320,222	\$452,361	\$320,222
Total expenses	\$6,087,040	\$6,299,425	\$2,254,288	\$3,813,382	\$8,341,328	\$10,112,807
Increase in net assets before transfers	\$3,488,228	\$774,622	\$1,168,939	(\$839,514)	\$4,657,167	(\$64,892)
Transfers	\$441,798	\$433,696	(\$441,798)	(\$433,696)	\$0	\$0
Increase (decrease) in net assets	\$3,930,026	\$1,208,318	\$727,141	(\$1,273,210)	\$4,657,167	(\$64,892)
Net assets, beginning	\$10,724,698	\$9,516,380	\$8,340,892	\$9,614,102	\$19,065,590	\$19,130,482
Net assets, ending	\$14,654,724	\$10,724,698	\$9,068,033	\$8,340,892	\$23,722,757	\$19,065,590

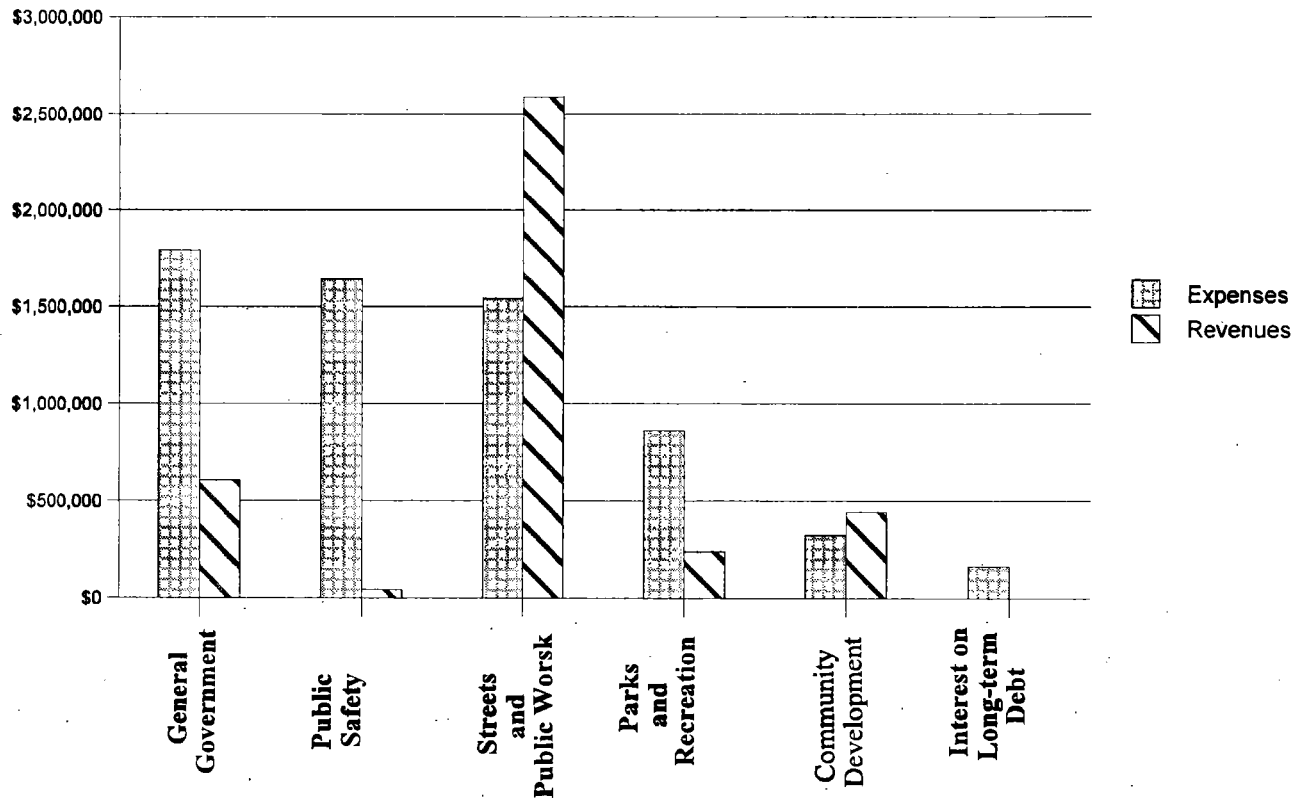
Governmental Activities

As noted in the table above, governmental activities increased net assets by \$3,930,026. Key elements of this increase were:

1. Capital grants and contributions, primarily contributions by developers of streets and related infrastructure including the underlying land, in the amount of \$2,458,208.
2. Transfers in the amount of \$441,798.
3. Operations from governmental activities increased net assets by \$1,030,020.

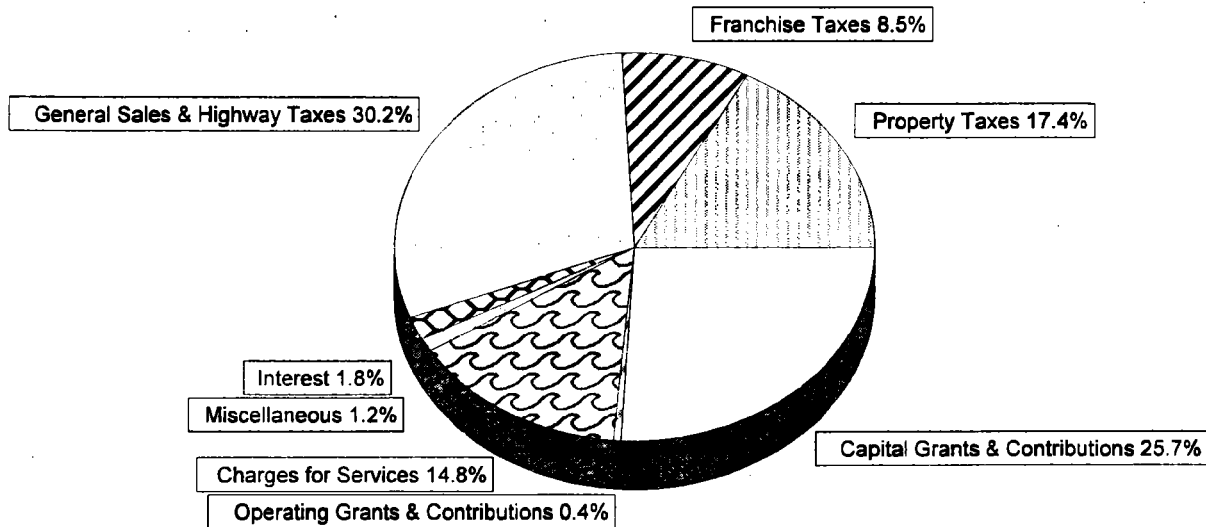
The following chart displays the governmental activities expenses compared to the program revenues attributed to the activity. Traditionally, governmental activities are funded by general revenue sources and not charges for direct services.

Expenses and Program Revenues - Governmental Activities



The following chart displays the major sources of governmental activity revenue. Taxes account for 56.10% of revenue that funds governmental activity.

Revenue by Source - Government Activities



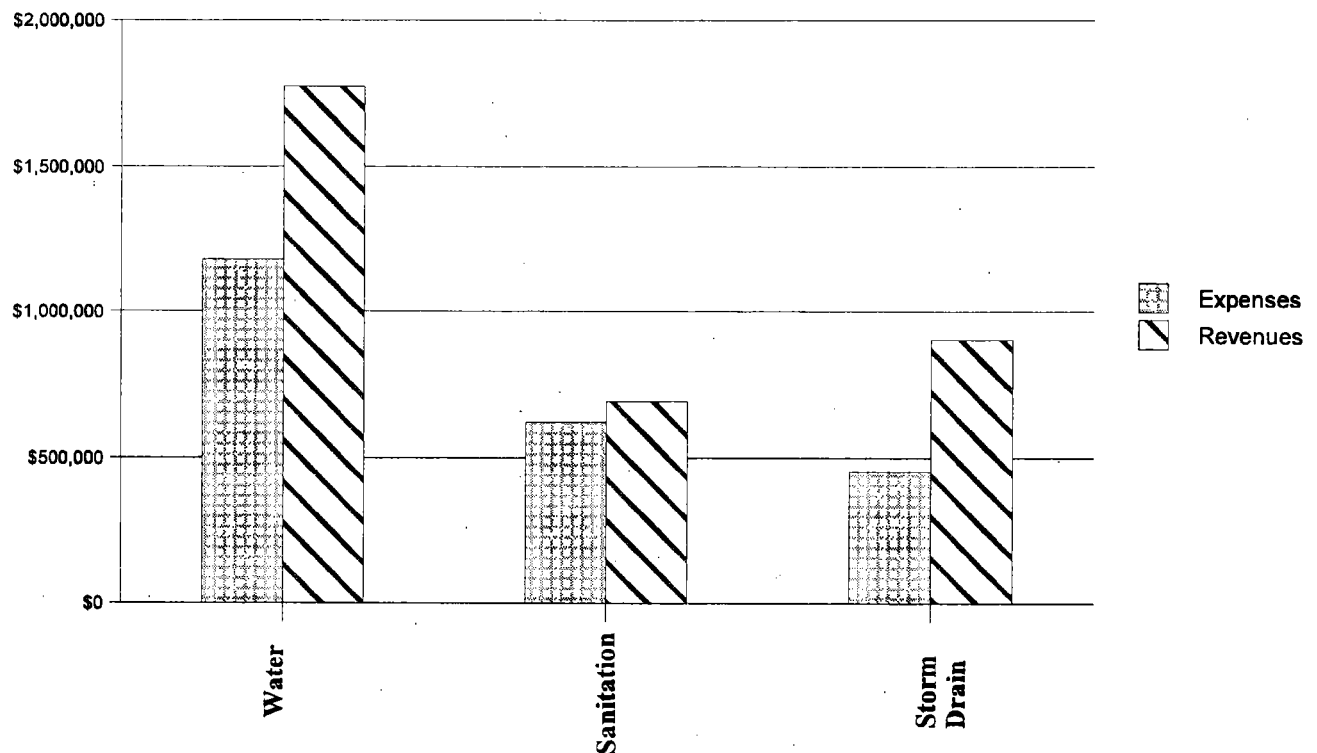
Business-type activities

As noted in the table "Centerville City Changes in Net Assets" business-type activities increased net assets of \$727,141. Key elements of this increase were:

1. Capital contributions of business type activities from developers for utilities and related infrastructure in the amount of \$410,000.
2. Operations of business-type activities increased net assets by \$317,141.

The following chart displays business-type activities compared to program expenses attributed to the activity. Traditionally business-type activities are self supporting. The water fund incurred a substantial amount of construction costs, which were funded by bond proceeds issued in the previous year.

Expenses and Program Revenues - Business-type Activities



Business-type activities are generally funded by charges for services, 100% of the revenues for business-type activities comes from charges for services.

Financial Analysis of the Governments Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds

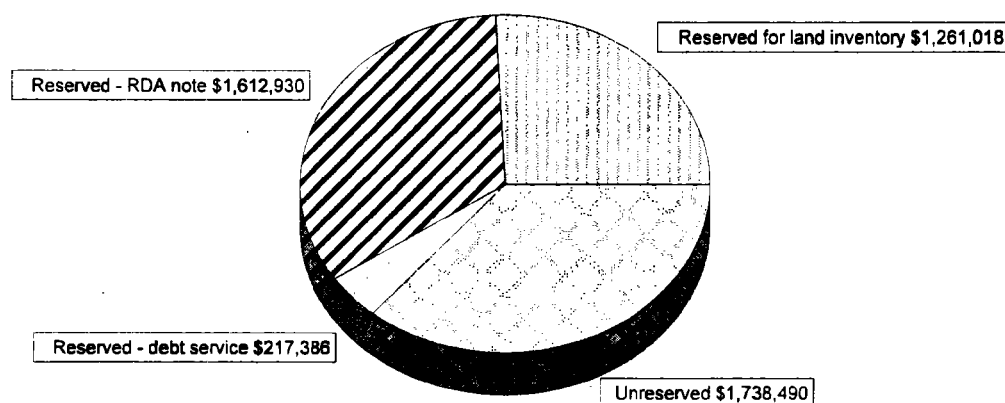
The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance is a useful measure of the government's net resources available for spending at the end of the fiscal year.

At June 30, 2005, the City's governmental funds reported a combined ending fund balance of \$4,829,824 an increase of \$280,875 or approximately 6.17% over the prior period. Approximately 35.99% of the total amount, or \$1,738,490 constitutes unreserved fund balance, which is available for spending at the government's discretion. This is an increase of \$365,974 from the prior period. The reserved fund balance is not available for new spending as it has already been committed for a specific purpose. The

key factor for the increase in unreserved fund balance was a net gain of transfers in of \$438,798.

The following chart depicts the governmental fund reserved and unreserved fund balances.

Governmental Funds - Reserved/Unreserved Fund Balances



The general fund is the main operating fund of the City. At June 30, 2005, unreserved fund balance of the general fund was \$1,097,318, while the total fund balance was \$2,710,248. A comparison of the unreserved fund balance and the total fund balance to total fund expenditures is a measure of liquidity. Unreserved fund balance was equal to 17.88% of total general fund expenditures and total fund balance was equal to 44.18% of total general fund expenditures. The general fund balance decreased by 22.07 % or \$767,649 during the fiscal year ending June 30, 2005. The primary factors were (\$610,003) net transfers and (\$157,646) in normal operations of the general fund. The largest expenditure increase over the prior period in normal operations was for streets and public works in the amount of \$213,092.

The other major governmental fund, the redevelopment agency fund, had unreserved negative fund balance of (\$173,146) while the total fund balance was \$1,087,872. This fund had an increase of total fund balance due to a \$438,148, 67.43%, gain from normal operations.

Proprietary funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Water fund

Unrestricted net assets at June 30, 2005 were \$363,682, and total net assets equaled \$7,670,869. Total net assets increased by 3.92% or \$289,159. This increase was a result of a net gain from normal operations.

Drainage Utility

Unrestricted net assets at June 30, 2005 were (\$451,323), and total net assets equaled \$1,151,185. Total net assets increased by 59.83% or \$430,910. The primary increase was due to contributions of drainage and drainage related infrastructure in the amount of \$410,000.

Other proprietary

Other proprietary funds net assets totaled \$245,979, an increase of \$7,072 or 2.96%, at June 30, 2005. Of that amount \$182,382 are unrestricted net assets. The moderate increase in assets was from normal operations during the year.

General fund budgetary highlights

During the fiscal year the general fund budget was amended from \$6,323,526 (\$5,984,225 expenditures and \$339,301 transfers out) to \$7,440,983 (\$6,440,173 expenditures and \$1,000,810 transfers out), an increase of \$1,117,457 or 17.67%.

Budget increases were: general government \$12,572, public safety \$100,484, streets and public works \$276,425, parks and recreation \$22,897, community development \$43,570, and \$661,509 transfers.

Increases were funded by \$40,000 increase of licenses and permits, \$52,700 intergovernmental grant revenue for police, \$60,000 charges for services for construction and development fees, \$49,574 miscellaneous revenue and \$965,658 from fund balance. Tax revenues were decreased by \$50,475 to reflect assessed property taxes.

Capital Assets and Debt Administration

Centerville City's investment in capital assets for governmental and business-type activities at June 30, 2005 was \$21,271,133 (net of depreciation). The investment in capital assets includes land, buildings, improvements other than buildings, infrastructure, machinery and equipment, autos and trucks, furniture and fixtures. The City's total investment in capital assets increased by \$4,742,290 or 28.69%. Governmental activities increased \$3,313,773 or 49.73%. Business type activities increased \$1,428,517 or 14.48%.

Major capital asset events during the current year were:

- 1) The increase to governmental activities was primarily due to contributed capital assets by developers of roads and related infrastructure including land in the amount of \$2,458,208.
- 2) Investment of business type activities in water distribution systems, sub-drain and storm drain systems in the amount of \$1,071,894.

Centerville City Capital Assets
(Net of depreciation)

	Governmental Activities 2005	Governmental Activities 2004	Business-Type Activities 2005	Business-type Activities 2004	Total 2005	Total 2004
Land	\$4,489,276	\$2,747,718	\$177,122	\$177,122	\$4,666,398	\$2,924,840
Buildings	\$2,936,832	\$3,028,184	\$2,105,388	\$2,173,071	\$5,042,220	\$5,201,255
Improvements other than buildings	\$9,650	\$10,468	\$48,617	\$48,617	\$58,267	\$59,085
Machinery & equipment	\$191,631	\$218,975	\$249,463	\$195,797	\$441,094	\$414,772
Distribution & collection systems	\$0	\$0	\$8,142,169	\$7,271,297	\$8,142,169	\$7,271,297
Autos & trucks	\$553,523	\$570,187	\$0	\$0	\$553,523	\$570,187
Infrastructure	\$1,363,036	\$85,240	\$0	\$0	\$1,363,036	\$85,240
Furniture & fixtures	\$56,813	\$2,167	\$0	\$0	\$56,813	\$2,167
Construction in Process	\$375,951	\$0	\$571,662	\$0	\$947,613	\$0
Total	\$9,976,712	\$6,662,939	\$11,294,421	\$9,865,904	\$21,271,133	\$16,528,843

Additional information on the City's capital assets is available in the Detailed Notes for All Funds to the financial statements.

Long term debt

On June 30, 2005 the long term outstanding debt of the City was \$5,183,696. Of this amount \$8,000 is considered general obligation debt, \$8,696 capital lease, and \$5,167,000 revenue bonds (\$1,310,000 governmental activities and \$3,857,000 business-type activities). For additional information on the City's long term debt, refer to the Detailed Notes for All Funds to the financial statements.

Centerville City Outstanding Long Term Debt

	Governmental Activities 2005	Governmental Activities 2004	Business-type Activities 2005	Business-type Activities 2004	Total 2005	Total 2004
General obligation	\$8,000	\$12,000	\$0	\$0	\$8,000	\$12,000
Capital lease	\$8,696	\$13,000	\$0	\$0	\$8,696	\$13,000
Revenue bonds	\$1,310,000	\$1,520,000	\$3,857,000	\$4,012,000	\$5,167,000	\$5,532,000
Total	\$1,326,696	\$1,545,000	\$3,857,000	\$4,012,000	\$5,183,696	\$5,557,000

Economic Factors and Next Year's Budget and Rates

1. The Utah and local economy remain strong. One indicator of this is the low unemployment rate. The unemployment rate for Davis County as reported by the Utah Department of Workforce Services was 4.4% for June 2005.
2. Sales taxes are the largest single source of revenue for governmental operations of the City. Retail sales are expected to increase by approximately 6% for 2005-2006. It is anticipated that a Walmart Supercenter will be approved for construction in the City, which could significantly increase the City's tax revenue. However, the store will not likely open in time to affect 2005-2006 revenues.
3. No new fees or tax increases for the fiscal year 2005-2006 budget.

Request for Information

This financial report is designed to provide a general overview of Centerville City's activities for those with an interest in the City's operations and financial position. Questions concerning the information provided in this report or requests for additional financial information should be addressed to: Centerville City, Finance Director, 250 North Main Centerville, Utah 84014.

CENTERVILLE CITY CORPORATION
STATEMENT OF NET ASSETS
JUNE 30, 2005

	Governmental Activities	Business-type Activities	TOTAL
ASSETS			
Cash and cash equivalents	\$ 3,889,910	\$ 501,767	\$ 4,391,677
Receivables			
Property and other taxes	2,022,841	-	2,022,841
Accounts	444	250,768	251,212
Other	-	28,500	28,500
Internal balances	532,010	(532,010)	-
Due from other governments	79,312	-	79,312
Bond issuance costs	42,366	87,897	130,263
Restricted assets			
Cash and cash equivalents	220,861	1,543,624	1,764,485
Special assessment receivables	16,991	-	16,991
Land held for resale	1,261,018	-	1,261,018
Water stock and rights	-	48,617	48,617
Land	4,489,276	177,122	4,666,398
Buildings	3,992,275	2,373,680	6,365,955
Improvements other than buildings	62,283	984,857	1,047,140
Machinery and equipment	855,751	1,089,304	1,945,055
Distribution and collection systems	-	9,473,247	9,473,247
Autos and trucks	1,631,220	-	1,631,220
Infrastructure	1,364,816	-	1,364,816
Construction in progress	375,951	571,662	947,613
Accumulated depreciation	(2,794,860)	(3,424,068)	(6,218,928)
Total assets	18,042,465	13,174,967	31,217,432
LIABILITIES			
Accounts payable	984,429	150,612	1,135,041
Accrued interest payable	25,425	58,358	83,783
Accrued liabilities	101,699	1,380	103,079
Unearned revenue	47,465	-	47,465
Deposits and bonds held	594,227	8,940	603,167
Non current liabilities			
Due within one year	368,647	181,643	550,290
Due in more than one year	1,265,849	3,706,000	4,971,849
Total liabilities	3,387,741	4,106,933	7,494,674
NET ASSETS			
Invested in capital assets, net of debt	8,650,016	7,437,421	16,087,437
Restricted for			
Debt service	-	337,869	337,869
Construction	-	1,198,002	1,198,002
Unrestricted	6,004,708	94,741	6,099,449
Total net assets	\$ 14,654,724	\$ 9,068,033	\$ 23,722,757

The notes to the financial statements are an integral part of this statement.

CENTERVILLE CITY CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005

	Program Revenues				Net Governmental Activities	Business-type Activities	Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions			
Governmental activities							
General government	\$ 1,790,796	\$ 607,734	\$ -	\$ -	\$ (1,183,062)	\$ -	\$ (1,183,062)
Public safety	1,642,764	-	42,682	-	(1,600,082)	-	(1,600,082)
Streets and public works	1,307,744	127,773	-	2,458,208	1,278,237	-	1,278,237
Parks and recreation	861,866	238,975	-	-	(622,891)	-	(622,891)
Community development	322,135	443,083	-	-	120,948	-	120,948
Interest on long-term debt	161,735	-	-	-	(161,735)	-	(161,735)
Total governmental activities	6,087,040	1,417,565	42,682	2,458,208	(2,168,585)	-	(2,168,585)
Business-type activities							
Water	1,179,885	1,774,208	-	-	-	594,323	594,323
Sanitation	622,042	691,892	-	-	-	69,850	69,850
Storm drain	452,361	492,807	-	410,000	-	450,446	450,446
Total business-type activities	2,254,288	2,958,907	-	410,000	-	1,114,619	1,114,619
General revenues							
Taxes							
Property taxes					1,667,607	-	1,667,607
Franchise taxes					809,720	-	809,720
General sales taxes and highway sales taxes					2,888,887	-	2,888,887
Interest income					172,109	54,320	226,429
Miscellaneous					118,490	-	118,490
Transfers					441,798	(441,798)	-
Total general revenues and transfers					6,098,611	(387,478)	5,711,133
Change in net assets					3,930,026	727,141	4,657,167
Net assets - beginning					10,724,698	8,340,892	19,065,590
Net assets - ending					\$ 14,654,724	\$ 9,068,033	\$ 23,722,757

The notes to the financial statements are an integral part of this statement.

Centerville City Corporation
June 30, 2005

Balance Sheet -
Governmental Funds

	General	Redevelopment Agency	Other Governmental	Totals Governmental Funds
Assets				
Cash and cash equivalents	\$ 1,625,768	\$ 1,439,784	\$ 824,358	\$ 3,889,910
Receivables:				
Sales, property and franchise taxes	1,342,563	680,278	-	2,022,841
Accounts	444	-	-	444
Class C road funds	79,312	-	-	79,312
Due from other funds	557,047	-	-	557,047
Note receivable - interfund	1,612,930	-	-	1,612,930
Land held for resale	-	1,261,018	-	1,261,018
Restricted assets				
Cash and cash equivalents	-	-	220,861	220,861
Special assessments receivables	-	-	16,991	16,991
Total assets	\$ 5,218,064	\$ 3,381,080	\$ 1,062,210	\$ 9,661,354
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 984,429	\$ -	\$ -	\$ 984,429
Accrued liabilities	101,699	-	-	101,699
Payable from restricted assets:				
Deferred revenue	47,465	-	5,469	52,934
Deferred revenue - property taxes	779,996	680,278	-	1,460,274
Due to other funds	-	-	25,037	25,037
Deposits/bonds held	594,227	-	-	594,227
Note payable - interfund	-	1,612,930	-	1,612,930
Total liabilities	2,507,816	2,293,208	30,506	4,831,530
Fund balances (deficit):				
Reserved:				
Reserved for land inventory	-	1,261,018	-	1,261,018
Reserved for RDA note	1,612,930	-	-	1,612,930
Reserved for debt service	-	-	217,386	217,386
Unreserved reported in:				
General fund	1,097,318	-	-	1,097,318
Redevelopment Agency fund	-	(173,146)	-	(173,146)
Special revenue funds	-	-	54	54
Capital projects funds	-	-	814,264	814,264
Total fund balances	2,710,248	1,087,872	1,031,704	4,829,824
Total liabilities and fund balances	\$ 5,218,064	\$ 3,381,080	\$ 1,062,210	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	9,976,712
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,508,109
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(1,659,921)
Net assets of governmental activities	14,654,724

The accompanying notes are an integral part of the financial statements.

Centerville City Corporation
Year Ended June 30, 2005

Statement of Revenues, Expenditures, and Changes In Fund Balances
Governmental Funds

	General	Redevelopment Agency	Other Governmental	Total Governmental Funds
Revenues:				
Taxes	\$4,266,451	\$ 570,680	\$ -	\$ 4,837,131
Special assessments	-	-	7,630	7,630
Licenses and permits	350,931	-	-	350,931
Intergovernmental	426,605	-	-	426,605
Charges for services	180,826	-	366,748	547,574
Fines and forfeitures	511,430	-	-	511,430
Interest	161,028	-	11,081	172,109
Miscellaneous	79,419	-	42,071	121,490
Total revenues	5,976,690	570,680	427,530	6,974,900
Expenditures:				
Current operating:				
General government	1,705,151	-	727	1,705,878
Public safety	1,634,497	-	-	1,634,497
Streets and public works	1,766,837	-	-	1,766,837
Community development	307,930	34,159	-	342,089
Parks and recreation	719,921	-	132,464	852,385
Capital outlay	-	-	452,487	452,487
Debt service:				
Principal retirement	-	-	214,000	214,000
Interest and fiscal charges	-	98,373	66,277	164,650
Total expenditures	6,134,336	132,532	865,955	7,132,823
Excess (deficiency) of revenues over expenditures	(157,646)	438,148	(438,425)	(157,923)
Other financing sources (uses):				
Transfers in	384,105	-	1,048,801	1,432,906
Transfers (out)	(994,108)	-	-	(994,108)
Total other financing sources (uses)	(610,003)	-	1,048,801	438,798
Net change in fund balance	(767,649)	438,148	610,376	280,875
Fund balance - beginning of year	3,477,897	649,724	421,328	4,548,949
Fund balance - end of year	\$2,710,248	\$ 1,087,872	\$ 1,031,704	\$ 4,829,824

The accompanying notes are an integral part of the financial statements.

CENTERVILLE CITY CORPORATION
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2005

Amounts reported for governmental activities in the statement of activities (page 24) are different because:

Net change in fund balances - total governmental funds (page 26)	\$ 280,875
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays and capital contributions exceeded depreciation in the current period.

3,313,773

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

145,160

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

212,202

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

(21,984)

Change in net assets of governmental activities (page 24)	<u><u>\$3,930,026</u></u>
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The notes to the financial statements are an integral part of this statement.

Centerville City Corporation

**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Year Ended June 30, 2005**

General Fund

	Original Budget	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues:				
Taxes	\$ 4,232,725	\$ 4,182,250	\$ 4,266,451	\$ 84,201
Licenses and permits	244,900	284,900	350,931	66,031
Intergovernmental	514,500	587,200	426,605	(140,595)
Charges for services	119,702	179,702	180,826	1,124
Fines and forfeitures	450,000	450,000	511,430	61,430
Interest	42,000	42,000	161,028	119,028
Miscellaneous	29,450	79,024	79,419	395
Total revenues	5,633,277	5,785,076	5,976,690	191,614
Expenditures:				
Current operating:				
General government	1,915,989	1,928,561	1,705,151	223,410
Public safety	1,627,281	1,727,765	1,634,497	93,268
Streets and public works	1,449,692	1,726,117	1,766,837	(40,720)
Community development	277,907	321,477	307,930	13,547
Parks and recreation	713,356	736,253	719,921	16,332
Total expenditures	5,984,225	6,440,173	6,134,336	305,837
Excess (deficiency) of revenues over expenditures	(350,948)	(655,097)	(157,646)	497,451
Other financing sources (uses):				
Transfers in	686,049	686,049	384,105	(301,944)
Transfers (out)	(339,301)	(1,000,810)	(994,108)	6,702
Total other financing sources (uses)	346,748	(314,761)	(610,003)	(295,242)
Net change in fund balance	(4,200)	(969,858)	(767,649)	202,209
Fund balance - beginning of year	3,477,897	3,477,897	3,477,897	-
Fund balance - end of year	\$ 3,473,697	\$ 2,508,039	\$ 2,710,248	\$ 202,209

The accompanying notes are an integral part of the financial statements.

Centerville City Corporation

**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Year Ended June 30, 2005**

Redevelopment Agency Special Revenue Fund

	Original Budget	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
Revenues:				
Taxes	\$ 705,000	\$ 705,000	\$ 570,680	\$ (134,320)
Total revenues	705,000	705,000	570,680	(134,320)
Expenditures:				
Current operating:				
Community development	585,776	585,776	34,159	551,617
Debt service:				
Interest and fiscal charges	125,000	125,000	98,373	26,627
Total expenditures	710,776	710,776	132,532	578,244
Excess (deficiency) of revenues over expenditures	(5,776)	(5,776)	438,148	443,924
Other financing sources (uses):				
Transfers (out)	(50,000)	(50,000)	-	50,000
Sale of fixed assets	839,776	839,776	-	(839,776)
Total other financing sources (uses)	789,776	789,776	-	(789,776)
Net change in fund balance	784,000	784,000	438,148	(345,852)
Fund balance - beginning of year	649,724	649,724	649,724	-
Fund balance - end of year	\$ 1,433,724	\$ 1,433,724	\$ 1,087,872	\$ (345,852)

The accompanying notes are an integral part of the financial statements.

Centerville City Corporation
June 30, 2005

Statement of Net Assets
Proprietary Funds

	Water Fund	Drainage Utility Fund	Other Proprietary Fund	Total Proprietary Funds
ASSETS				
Current assets				
Cash and cash equivalents	\$ 380,862	\$ -	\$ 120,905	\$ 501,767
Receivables				
Accounts receivable, net	123,959	47,303	61,477	232,739
Unbilled receivables	18,029	-	-	18,029
Prepaid and other	28,500	-	-	28,500
Due from other funds	316,949	-	-	316,949
Total current assets	868,299	47,303	182,382	1,097,984
Other assets				
Restricted cash	447,720	1,088,151	7,753	1,543,624
Unamortized bond issuance costs	52,225	35,672	-	87,897
Total other assets	499,945	1,123,823	7,753	1,631,521
Property, plant and equipment				
Water stock and rights	48,617	-	-	48,617
Land	177,122	-	-	177,122
Reservoirs	984,857	-	-	984,857
Water distribution system	8,198,989	-	-	8,198,989
Buildings and wells	2,373,680	-	-	2,373,680
Machinery and equipment	674,351	38,660	376,293	1,089,304
Construction in process	185,589	386,073	-	571,662
Sub-drain	-	693,504	-	693,504
Storm drain	-	580,754	-	580,754
Accumulated depreciation	(3,068,738)	(42,634)	(312,696)	(3,424,068)
Net property, plant and equipment	9,574,467	1,656,357	63,597	11,294,421
Total Assets	10,942,711	2,827,483	253,732	14,023,926
LIABILITIES				
Current liabilities				
Accounts payable	31,377	119,236	-	150,613
Accrued liabilities	1,380	-	-	1,380
Accrued interest payable	29,808	28,550	-	58,358
Accrued vacation payable	30,643	-	-	30,643
Due to other funds	462,447	386,512	-	848,959
Bonds payable - current	160,000	1,000	-	161,000
Security deposits	-	-	7,753	7,753
Total current liabilities	715,655	535,298	7,753	1,258,706
Long-term liabilities:				
Bonds payable	2,555,000	1,141,000	-	3,696,000
Due to subdividers	1,187	-	-	1,187
Total long-term liabilities	2,556,187	1,141,000	-	3,697,187
Total Liabilities	3,271,842	1,676,298	7,753	4,955,893
NET ASSETS				
Invested in capital assets, net of related debt	6,859,467	514,357	63,597	7,437,421
Restricted for debt service and development	447,720	1,088,151	-	1,535,871
Unrestricted	363,682	(451,323)	182,382	94,741
Total Net Assets	\$ 7,670,869	\$ 1,151,185	\$ 245,979	\$ 9,068,033

The accompanying notes are an integral part of the financial statements.

Centerville City Corporation

Year ended June 30, 2005

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds

	Water Fund	Drainage Utility Fund	Other Proprietary Fund	Total Proprietary Funds
Operating revenues				
Charges for services	\$ 1,129,158	\$ 492,807	\$ 683,702	\$ 2,305,667
Delinquent charges	8,131	-	-	8,131
Connection and servicing	172,561	-	8,190	180,751
Miscellaneous	6,306	-	-	6,306
Total operating revenues	1,316,156	492,807	691,892	2,500,855
Operating expenses				
Salaries and wages	229,399	46,687	-	276,086
Employee benefits	98,458	20,728	-	119,186
Water purchases	58,636	-	-	58,636
Utility costs	82,929	6,566	-	89,495
Maintenance and supplies	250,414	268,500	1,355	520,269
Tipping fees and contractual services	-	-	595,964	595,964
Professional and technical services	12,629	41,426	700	54,755
Administration and overhead	48,448	10,366	10,430	69,244
Depreciation	290,977	15,198	13,593	319,768
Total operating expenses	1,071,890	409,471	622,042	2,103,403
Operating income	244,266	83,336	69,850	397,452
Nonoperating revenues (expenses)				
Development and construction fees	458,052	-	-	458,052
Interest revenue	11,214	37,879	5,227	54,320
Interest expense	(107,995)	(42,890)	-	(150,885)
	361,271	(5,011)	5,227	361,487
Income before contributions and transfers	605,537	78,325	75,077	758,939
Capital contributions	-	410,000	-	410,000
Transfers in (out)	(316,378)	(57,415)	(68,005)	(441,798)
Change in net assets	289,159	430,910	7,072	727,141
Total net assets, beginning of year	7,381,710	720,275	238,907	8,340,892
Total net assets, end of year	\$ 7,670,869	\$ 1,151,185	\$ 245,979	\$ 9,068,033

The accompanying notes are an integral part of the financial statements.

Centerville City Corporation
Year ended June 30, 2005

Statement of Cash Flows
Proprietary Funds

	Water Fund	Drainage Utility Fund	Other Proprietary Fund	Total Proprietary
Cash flows from operating activities:				
Cash received from customers (including cash deposits)	\$ 1,323,665	\$ 491,259	\$ 693,732	\$ 2,508,656
Cash paid to suppliers	(419,422)	(205,244)	(608,449)	(1,233,115)
Cash paid to employees	(327,719)	(67,415)	-	(395,134)
Net cash provided by operating activities	576,524	218,600	85,283	880,407
Cash flows from non-capital financing activities:				
Transfers to other funds	(316,378)	(57,415)	(68,005)	(441,798)
Increase (decrease) in amounts due to other funds	301,713	69,563	-	371,276
Net cash provided (used) by non-capital financing activities	(14,665)	12,148	(68,005)	(70,522)
Cash flow from capital and related financing activities:				
Bond payments - principal	(155,000)	-	-	(155,000)
Bond payments - interest	(109,157)	(43,604)	-	(152,761)
Purchase of capital assets	(656,643)	(667,980)	(13,662)	(1,338,285)
Impact fees	458,052	-	-	458,052
Net cash used by capital and related financing activities	(462,748)	(711,584)	(13,662)	(1,187,994)
Cash flow from investing activities:				
Interest earned on investments	11,214	37,879	5,227	54,320
Net cash provided by investing activities	11,214	37,879	5,227	54,320
Net increase (decrease) in cash and cash equivalents	110,325	(442,957)	8,843	(323,789)
Cash and cash equivalents at beginning of year	718,257	1,531,108	119,815	2,369,180
Cash and cash equivalents at end of year	\$ 828,582	\$ 1,088,151	\$ 128,658	\$ 2,045,391
Reconciliation of operating income to net cash provided by operating activities				
Operating income	\$ 244,266	\$ 83,336	\$ 69,850	397,452
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization expense	295,073	17,576	13,593	326,242
Decrease (increase) in accounts receivable	7,509	(1,548)	1,840	7,801
Increase in prepaid items	(2,500)	-	-	(2,500)
Increase (decrease) in accounts payable and accrued liabilities	32,038	119,236	-	151,274
Increase in compensated absences	138	-	-	138
Total adjustments	332,258	135,264	15,433	482,955
Net cash provided by operating activities	\$ 576,524	\$ 218,600	\$ 85,283	\$ 880,407
Noncash investing, capital and financing activities:				
Contribution of storm drain lines		\$ 410,000		\$ 410,000

The accompanying notes are an integral part of the financial statements.

Centerville City Corporation
Statement of Net Assets
Fiduciary Fund
June 30, 2005

	<u>Trust Fund Total</u>
ASSETS	
Cash and cash equivalents	<u>\$ 4,814</u>
Total assets	<u>4,814</u>
NET ASSETS	
Unrestricted	<u>4,814</u>
Total net assets	<u><u>\$ 4,814</u></u>

The notes to the financial statements are an integral part of this statement.

Centerville City Corporation
Statement of Changes in Net Assets
Fiduciary Fund
For the Year Ended June 30, 2005

	<u>Trust Fund Total</u>
ADDITIONS	
Miscellaneous:	
Interest income	\$ 159
Donations	150
Transfer in	<u>3,000</u>
Total additions	<u>\$ 3,309</u>
DEDUCTIONS	
Administrative	<u>5,853</u>
Total deductions	<u>5,853</u>
Change in net assets	(2,544)
Net assets - beginning	<u>7,358</u>
Net assets - ending	<u><u>\$ 4,814</u></u>

The notes to the financial statements are an integral part of this statement.

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements
June 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The basic financial statements of Centerville City Corporation (the City) have been prepared in conformity with accounting principles (GAAP) generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles.

Financial reporting is based upon all GASB pronouncements, as well as the FASB Statements and Interpretations, APB Opinions and Accounting Research Bulletins that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. FASB pronouncements issued after November 30, 1989 are not followed in the preparation of the accompanying financial statements.

The City of Centerville was incorporated in 1915. The City operates under a Mayor/ Council form of government. As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization or there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable for an organization if that organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). The component units discussed below are included as part of the City's reporting entity as blended component units.

The Centerville City Redevelopment Agency (RDA) was established to prepare and carry out plans to improve, rehabilitate and redevelop blighted areas within the City. The RDA is governed by a board of trustees composed of the City Mayor and members of the City Council. Although it is a legally separate entity from the City, the RDA is reported as if it were part of the primary government because of the City's ability to impose its will upon the operations of the RDA. The RDA is included in these financial statements as the Redevelopment Agency Special Revenue Fund. Separate financial statements are not issued for the RDA.

The Centerville City Municipal Building Authority (MBA) was established to finance and construct municipal buildings that are then leased to the City. The MBA is governed by a five-member board of trustees composed of the City Council. Although it is a legally separate entity from the City, the MBA is reported as if it were part of the primary government because of the City's ability to impose its will upon the operations of the MBA. The MBA is included in these financial statements as the Municipal Building Authority Special Revenue Fund. Separate financial statements are not issued for the MBA.

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those which are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the City are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Sales taxes, use taxes, franchise taxes, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. Available means when due, or past due, and received within the current period or collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. All other revenues are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.

The RDA Special Revenue Fund accounts for redevelopment activities of the City.

The City reports the following major proprietary funds:

The Water Fund accounts for the activities of the City's water production, treatment and distribution operations.

The Drainage Utility Fund accounts for storm drain collection activities in the City.

Additionally, the City reports a fiduciary fund to account for the activities of a pioneer home museum.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments to the General Fund by various enterprise funds for the providing of administrative and billing services for such funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of all enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds includes the cost of sales and services. Operating expenses for enterprise funds includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Assets or Equity

Cash, Deposits and Investments Cash includes cash on hand, demand deposits with banks and other financial institutions, and deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts. City policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the Utah Public Treasurer's Investment Fund and other investments allowed by the State of Utah's Money Management Act. Investments are reported at fair value. The State Treasurer's Investment Fund operates in accordance with state laws and regulations. The reported value of the Fund is the same as the fair value of the Fund shares.

Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Investments with maturities of three months or less when purchased meet this definition.

Receivables and Payables Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to or due from other funds". In the Water, Sanitation, and Drainage Utility funds, the City records utility revenues billed to customers when meters are read on a monthly basis. Unbilled service accounts receivable at June 30, 2005 were estimated based on July billings and are included in the operating revenues and accounts receivable at year-end.

Inventories and Prepaid Items Inventories of materials and supplies in the proprietary funds, consisting principally of materials used in the repair of the transmission, distribution, collection and treatment systems, are valued at cost and accounted for on a first-in, first-out basis (FIFO). Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

As permitted by GASB Statement No. 34, the City has not retroactively recorded infrastructure assets.

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2005

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Assets, Liabilities, and Net Assets or Equity (Continued)

Property, plant, and equipment is depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	10 to 50 years
Infrastructure	20 to 50 years
Machinery and equipment	5 to 7 years
Furniture and fixtures	5 to 10 years
Reservoirs and wells	10 to 50 years

Compensated Absences For governmental funds amounts of vested or accumulated vacation leave and comp time that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the government-wide statement of net assets and as expenses in the government-wide statement of activities. No expenditures are reported for these amounts in the fund financial statements. Vested or accumulated vacation leave and comp time of proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees and are thus recorded in both the government-wide financial statements and the individual fund financial statements. Sick pay amounts are charged to expenditures when incurred. Employees may accumulate sick leave without limitation. Accumulated vacation and sick leave is paid to employees upon retirement, with a limitation of one third of accumulated hours in excess of 300 hours. Employees that are terminated for reasons other than retirement are not paid for accumulated sick leave. The liability for accumulated sick pay amounts is not accrued, as the amount is insignificant.

Long-Term Obligations In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums, discounts, and issuance costs are deferred and amortized over the life of the applicable debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Restricted Assets Restricted assets are comprised of cash restricted for future payments of principal and interest on debt service as well as unexpended portions of bonds issued for capital construction purposes.

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2005

2. **RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net assets of governmental activities as reported in the government-wide statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

Capital related items:

When capital assets (property, plant and equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the City as a whole.

Cost of capital assets	\$12,771,572
Accumulated depreciation	(2,794,860)
Total difference	<u>\$ 9,976,712</u>

Long-term debt transactions:

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities in the fund financials. All liabilities (both current and long-term) are reported in the statement of net assets. Balances at June 30, 2005 were:

Lease Revenue Refunding bonds	\$1,310,000
Special Assessment bonds	8,000
Capital lease obligation	8,696
Interest payable on long-term debt	25,425
Compensated absences	<u>307,800</u>
Total difference	<u>\$1,659,921</u>

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2005

2. **RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)**

Explanation of Certain Differences Between Governmental Fund Operating Statements and the Statement of Net Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. The first element of this reconciliation states that capital outlays are reported in the governmental funds as expenditures while the government-wide statement of activities allocates these costs over the useful lives of the assets as depreciation. While shown in the reconciliation as the net difference, the elements of this difference are as follow:

Capital outlay and contributions	\$3,602,375
Depreciation expense	<u>288,602</u>
Net difference as reported	<u><u>\$3,313,773</u></u>

3. **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgetary Information

Prior to May 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the proposed sources of revenues.

Between May 1 and June 22, the City Council reviews and adjusts the proposed budget. On or before June 22, a public hearing is held and the budget is legally adopted through passage of a resolution.

After the budget is adopted, the City Manager may transfer any unencumbered or unexpended appropriation amount from one expenditure account to another within a department. The City Council may, by resolution, transfer any unencumbered or unexpended appropriation amount from one department in a fund to another department within the same fund.

When the City Council determines that an emergency exists, such as widespread damage from fire, flood, or earthquake the City Council may increase the budget of the General Fund by resolution or a public hearing.

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds. In the General Fund, budgets are adopted at the functional level and budgetary control is exercised at the departmental level. For Special Revenue Funds, budgets are adopted and control is exercised at the level of total expenditures for each individual fund.

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2005

3. **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

Budgetary Information (Continued)

Annual budgets for the General Fund, all Special Revenue Funds all Debt Service Funds, and all Capital Projects Funds were legally adopted by the City and are prepared on the modified-accrual method of accounting.

Encumbrances (commitments related to unperformed purchase orders or contracts for goods or services) are used only as an internal management control device during the year. The City does not have any encumbrances outstanding at year end since appropriations lapse at year end. However, encumbered amounts are generally reappropriated and honored as part of the following year's budget.

Although Utah State law requires the initial preparation of budgets for all City funds (both governmental and proprietary), it only requires the reporting of actual versus such budgets for governmental funds.

State law requires that departments or funds do not exceed the amounts appropriated in the final adopted budget. During the year ended June 30, 2005 one department in the general fund exceeded budgeted expenditures.

Tax Revenues

Property taxes are collected by the Davis County Treasurer and remitted to the City in two to three installments in November, December, and January of each fiscal year and a final settlement by March 31st. Taxes are levied and are due and payable on November 1st and delinquent after November 30th of each year at which time they become liens if not paid. An accrual of delinquent current and prior year's property taxes beyond that which was received within 60 days after fiscal year end has not been made, as the amounts are not deemed to be material. An accrual for current year property taxes estimated to be collected the following November and December is made each year.

Sales taxes are collected by the Utah State Tax Commission and remitted to the City monthly. An accrual has been made for all taxes received by the State for the period ended June 30th and thus due and payable to the City.

Franchise taxes are charged to various utility companies doing business with the City including telephone, cable television, gas utility, and electric utility companies. The fees are remitted on a monthly, quarterly, semi-annual, or annual basis. An accrual has not been made for fees due and payable to the City at June 30th as the amounts are not deemed to be material.

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2005

4. DETAILED NOTES FOR ALL FUNDS

Cash and Investments

Listed below is a summary of the cash and temporary cash investment portfolio of the City as of June 30, 2005. Investments are governed by the Utah Money Management Act. At June 30, 2005, the carrying amount of the City's demand deposits was \$557,332 and the bank balance was \$340,639. Of the bank balance, \$100,000 was covered by federal depository insurance and \$240,639 was uninsured and uncollateralized.

The following table provide information about the credit and market risks associated with the City's temporary cash investments.

Category 1 - includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name.

Category 2 - includes uninsured and unregistered investments for which the securities are held by the counter party's trust department or agent in the City's name.

Category 3 - includes uninsured and unregistered investments for which the securities are held by the counter party or by its trust department or agent but not in the City's name.

	<u>Category</u>			<u>Reported Amount/ Fair Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
Investments not subject to categorization:				
State Public Treasurer's Investment Fund	<u>---</u>	<u>---</u>	<u>---</u>	<u>\$5,598,830</u>
Total investments	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$5,598,830</u>

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2005

4. **DETAILED NOTES FOR ALL FUNDS (CONTINUED)**

The deposits and investments described above are included on the government-wide statement of net assets as follows:

Cash and cash equivalents	\$4,391,677
Restricted cash and cash equivalents	<u>1,764,485</u>
	<u><u>\$6,156,162</u></u>

Receivables

Receivables as of year end for the City's individual major funds and nonmajor funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>RDA</u>	<u>Water</u>	<u>Drainage Utility Fund</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:						
Taxes	\$1,342,563	\$680,278	\$ ---	\$ ---	\$ ---	\$2,022,841
Accounts and other	444	---	292,899	49,303	67,477	410,123
Special assessments	---	---	---	---	16,991	16,991
Intergovernmental	<u>79,312</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>79,312</u>
Gross receivables	1,422,319	680,278	292,899	49,303	84,468	2,529,267
Less: allowance for uncollectibles	<u>---</u>	<u>---</u>	<u>(150,911)</u>	<u>(2,000)</u>	<u>(6,000)</u>	<u>(158,911)</u>
Net total receivables	<u><u>\$1,422,319</u></u>	<u><u>\$680,278</u></u>	<u><u>\$141,988</u></u>	<u><u>\$ 47,303</u></u>	<u><u>\$ 78,468</u></u>	<u><u>\$2,370,356</u></u>

Revenues of the Water, Storm Drain and Sanitation Funds are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are as follows:

Uncollectibles related to water sales	<u>\$73,511</u>
Total uncollectibles of the current fiscal year	<u><u>\$73,511</u></u>

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2005

4. **DETAILED NOTES FOR ALL FUNDS (CONTINUED)**

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the government funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Note receivable (RDA Fund)	\$1,612,930	\$ ---
Property taxes receivable (General Fund)	779,996	---
Property taxes receivable (RDA Fund)	680,278	---
Special assessments not yet due (Debt Service Funds)	5,469	---
Various prepayments received (General Fund)	<u>---</u>	<u>47,465</u>
Total deferred/unearned revenue for governmental funds	<u><u>\$3,078,673</u></u>	<u><u>\$47,465</u></u>

Capital Assets

Capital asset activity for the year ended June 30, 2005 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not be depreciated				
Land	\$2,747,718	\$1,741,558	\$ ---	\$4,489,276
Construction in progress	<u>---</u>	<u>375,951</u>	<u>---</u>	<u>375,951</u>
Total capital assets not being depreciated	<u>2,747,718</u>	<u>2,117,509</u>	<u>---</u>	<u>4,865,227</u>
Capital assets being depreciated				
Buildings	3,992,275	---	---	3,992,275
Improvements	62,283	---	---	62,283
Infrastructure	85,240	1,279,576	---	1,364,816
Machinery and equipment	743,071	46,261	---	789,332
Autos and trucks	1,527,560	103,660	---	1,631,220
Furniture and fixtures	<u>11,050</u>	<u>55,369</u>	<u>---</u>	<u>66,419</u>
Total capital assets being depreciated	<u>6,421,479</u>	<u>1,484,866</u>	<u>---</u>	<u>7,906,345</u>

Continued

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2005

4. **DETAILED NOTES FOR ALL FUNDS (CONTINUED)**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Less: accumulated depreciation				
Buildings	964,091	91,352	---	1,055,443
Improvements	51,815	818	---	52,633
Infrastructure	---	1,780	---	1,780
Machinery and equipment	524,096	73,605	---	597,701
Autos and trucks	957,373	120,324	---	1,077,697
Furniture and fixtures	8,883	723	---	9,606
	<u>2,506,258</u>	<u>288,602</u>	<u>---</u>	<u>2,794,860</u>
Net governmental capital assets	<u>\$6,662,939</u>	<u>\$3,313,773</u>	<u>\$ ---</u>	<u>\$ 9,976,712</u>
Business-type activities:				
Capital assets not being depreciated				
Water stock and rights	\$ 48,617	\$ ---	\$ ---	\$ 48,617
Land	177,122	---	---	177,122
Construction in progress	---	571,662	---	571,662
Total capital assets not being depreciated	<u>225,739</u>	<u>571,662</u>	<u>---</u>	<u>797,401</u>
Capital assets being depreciated				
Reservoirs	984,857	---	---	984,857
Water distribution system	7,794,696	404,293	---	8,198,989
Sub-drain system	373,016	320,488	---	693,504
Storm drain system	233,641	347,113	---	580,754
Buildings and wells	2,373,680	---	---	2,373,680
Machinery and equipment	984,575	104,729	---	1,089,304
Total capital assets being depreciated	<u>12,744,465</u>	<u>1,176,623</u>	<u>---</u>	<u>13,921,088</u>
Less: accumulated depreciation				
Reservoirs	536,883	15,844	---	552,727
Water distribution system	1,556,522	172,860	---	1,729,382
Sub-drain system	12,402	7,478	---	19,880
Storm drain system	9,106	4,840	---	13,946
Buildings and wells	200,609	67,683	---	268,292
Machinery and equipment	788,778	51,063	---	839,841
	<u>3,104,300</u>	<u>319,768</u>	<u>---</u>	<u>3,424,068</u>
Business-type activities net capital assets	<u>\$ 9,865,904</u>	<u>\$1,428,517</u>	<u>\$ ---</u>	<u>\$11,294,421</u>

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2005

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

In the government-wide financial statements depreciation was charged as follows by program or activity:

Governmental activities:		
General government		\$104,575
Public safety		68,220
Highways and public improvements		64,112
Parks, recreation and public property		51,687
Community development		<u>8</u>
Total depreciation expense - governmental activities		<u>\$288,602</u>
Business-type activities:		
Water		\$290,977
Drainage Utility		15,198
Sanitation		<u>13,593</u>
Total depreciation expense - business type activities		<u>\$319,768</u>

Interfund Receivable, Payables and Transfers

At June 30, 2005, interfund balances due to or from other funds was as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 94,600
	Water	462,447
Water	Drainage Utility	<u>316,949</u>
		<u>\$873,996</u>

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2005

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

In addition to the above amounts which will be repaid by the respective funds, transfers were made which will not be repaid. Such amounts for the fiscal year ended June 30, 2005 were as follows:

<u>Fund Transferring Out</u>	<u>Fund Receiving Transfer</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 991,108
	Fiduciary fund	3,000
Water	Nonmajor governmental fund	57,693
	General	258,685
Drainage Utility	General	57,415
Nonmajor proprietary fund	General	<u>68,005</u>
		<u>\$1,435,906</u>

Revenue Bonds

The City has issued bonds where the revenues and assets of the issuing fund are pledged as security for the bonds.

Revenue bonds outstanding at June 30, 2005 by issue are as follows: (in thousands)

<u>Bond Description</u>	<u>Original Issue</u>	<u>Annual Principal</u>	<u>Interest Rates</u>	<u>Final Due Date</u>	<u>Amount</u>
MBA Series 1998	\$2,515	\$75 to \$200	3.7% to 5.0%	8/1/12	\$1,310
Water Series 2002	3,025	\$155 to \$270	3.0% to 5.0%	10/17	2,715
Water Series 2003	<u>1,142</u>	\$1 to \$226	3%	10/20	<u>1,142</u>
	<u>\$6,682</u>				<u>\$5,167</u>

Revenue bond debt service requirements to maturity are as follows: (in thousands)

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2006	\$ 316	\$ 211	\$ 527
2007	334	199	533
2008	346	185	531
2009	362	171	533
2010	390	155	545
2011-2015	1,741	524	2,265
2016-2020	1,452	182	1,634
2021	<u>226</u>	<u>7</u>	<u>233</u>
	<u>\$5,167</u>	<u>\$1,634</u>	<u>\$6,801</u>

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2005

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2005 was as follows: (in thousands)

	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year
Governmental activities:					
Bonds payable:					
MBA lease revenue	\$1,455	\$ ---	(\$145)	\$1,310	\$155
Excise tax	65	---	(65)	---	---
Special assessment	12	---	(4)	8	4
Total bonds payable	1,532	---	(214)	1,318	159
Capital lease	13	---	(4)	9	4
Compensated absences	283	215	(190)	308	206
Governmental activity long-term liabilities	<u>\$1,828</u>	<u>\$215</u>	<u>(\$408)</u>	<u>\$1,635</u>	<u>\$369</u>
Business-type activities:					
Bonds payable:					
Revenue bonds	\$4,012	\$ ---	(\$155)	\$3,857	\$161
Compensated absences	31	24	(24)	31	21
Total business-type long-term liabilities	<u>\$4,043</u>	<u>\$ 24</u>	<u>(\$179)</u>	<u>\$3,888</u>	<u>\$182</u>

Compensated absences for governmental activities are generally liquidated by the general fund.

Other Information

Risk Management The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a member of the Utah Risk Management Mutual Association (URMMA). It is an insurance pool for liability insurance made up of municipalities in the State. Each city pays premiums into a cash reserve fund for possible losses. Payment of the annual premium indemnifies the City for claims that exceed the per occurrence deductible. The policy provides \$10,000,000 of liability coverage per occurrence after a deductible of \$15,000. In the event URMMA becomes insolvent, the City is fully responsible for all claims. The obligation of URMMA to pay damages on behalf of the City applies only to damages in excess of the member "deductibles" and group "self insured retention's" outlined in the Coverage Profile. The member "deductibles" and the group "self-insured retention's" include attorney's fees and all other costs incurred in defending a claim. URMMA purchases umbrella insurance to protect against large claims. URMMA reviews risk management programs and give recommendations and premium discounts to cities that adopt them. The City has adopted various recommendations and receives discounts.

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2005

4. **DETAILED NOTES FOR ALL FUNDS (CONTINUED)**

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Redevelopment Agency In connection with the activities of the Redevelopment Agency (RDA), incremental tax revenues totaling \$513,803 were generated. The RDA was not required to pay any portion of this revenue to other taxing agencies. There is \$1,639,557 outstanding debt of the RDA at June 30, 2005 due to the General Fund.

During the year ended June 30, 2005, funds expended by the RDA were limited to the categories of debt service, capital outlay and administration costs. Administrative costs totaled \$-0-, capital outlay expenditures totaled \$34,159 and debt service payments totaled \$98,373 for the year.

Employee Retirement Systems and Pension Plans The City contributes to the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System, and the Public Safety Retirement System for Employers with Social Security Coverage, (hereafter referred to cumulatively as the Systems) which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (URS). The Systems provide retirement benefits, annual cost of living adjustments, death benefits, and refunds to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953, as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Systems under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. URS issues a publicly available financial report that includes financial statements and required supplementary information for the Systems.

A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2005

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Funding Policy Plan members in the Local Government Contributory Retirement System are required to contribute 6.0% percent of their annual covered salary (all or part may be paid by the employer for the employee), and the City is required to contribute 7.08% percent of its annual covered salary. In the Local Government Noncontributory Retirement System the City is required to contribute 11.09% percent of its annual covered salary. In the Public Safety Retirement System for employers with Social Security coverage, the City is required to contribute 19.08% percent of its annual covered salary for members in the noncontributory division. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

The City's contributions in dollars to each of the Systems for the years ending June 30, 2005, 2003 and 2002, were equal to the required contributions for each year. The contribution amounts are as follows:

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Local Governmental Contributory Retirement System	\$ 15,147	\$ 12,802	\$11,346
Local Governmental Noncontributory Retirement system	109,209	93,338	80,409
Public Safety Retirements System for Employers with Social Security Coverage	130,645	112,306	92,660

Deferred Compensation Plan Under the URS, the City offers its employees a Deferred Compensation Plan (the Plan) in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The payment of deferred compensation is not available to employees until termination, retirement, death, or emergency. The City's contributions to the 457 Deferred Compensation Plan were \$10,728, \$9,280 and \$8,138 for the years ended June 30, 2005, 2004 and 2003, respectively.

Defined Contribution Plans The 401(k) plan provided by URS is a multiple-employer defined contribution plan. All employees of the City who participate in the URS contributory, noncontributory, or public safety system are eligible to participate in the plan. Employees are immediately 100 percent vested in their contributions to the plan. Employee contributions to the 401 (k) plan and the Deferred Compensation Plan are voluntary. Employer contributions are also voluntary and are intended to standardize the contribution rates for all full time employees participating in the URS. The City's contributions to the 401 (k) plan were \$23,417, \$24,938 and \$24,635 for the years ended June 30, 2005, 2004 and 2003, respectively.

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2005

4. **DETAILED NOTES FOR ALL FUNDS (CONTINUED)**

The City also provides through a third party administrator, a supplemental defined contribution plan for all full-time employees. The name of the Plan is Centerville City Corporation Money Purchase Pension Plan and Trust. The Plan was established in 1993 for the employees of Centerville City under Section 401(c) of the Internal Revenue Code. The investments of the Plan are administered by Principal Financial Group. The Plan may be amended by Centerville City. The Plan provides for an Advisory Committee, comprised of at least three eligible employees, appointed by the City Council.

The City contributes 3.5% of all wages earned, including overtime, for all eligible employees. Eligible employees must be at least 18 years of age, and complete one year of continuous service. The employee is eligible for enrollment on the next plan entry date (July 1st, October 1st, January 1st and April 1st). The plan year is from July 1, to June 30. The employee is 100% vested after five years of continuous service with the City. Prior to that date the employee has no vested rights in the employer's contributions. If an employee terminates employment prior to vesting, their employer contributions are distributed to all other enrolled employees based on a percentage of total employer investments. Eligible employees may make contributions to the Plan, in an amount not to exceed 10% of annual compensation. However, the employee is not required to make any contributions to be eligible. Employee contributions are accounted for separately from employer contributions.

The eligible payroll for employees covered by the plan for the year ended June 30, 2005 was \$1,952,015. The City's total payroll was \$2,239,562.

The City's required and actual contribution to this plan was \$68,320 for the fiscal year ended June 30, 2005, which represents 3.5% of covered payroll.

	Special Revenue			Debt Service				Capital Projects				Total Nonmajor Governmental Funds
	Municipal Building Authority	Recreation	SID 400 West	Excise Tax Bond	City Hall Revenue	SID Guarantee	SID Porter Lane	Storm Drain	Capital Projects	Project Impact	Park Improvements	
ASSETS												
Cash and cash equivalents	\$ -	\$ 54	\$ 288	\$ -	\$ -	\$ 3,640	\$ 6,112	\$ 315,435	\$ -	\$ 32,823	\$ 466,006	\$ 824,358
Restricted assets	-	-	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents	-	-	-	-	220,861	-	-	-	-	-	-	220,861
Special assessments receivables	-	-	9,361	-	-	-	7,630	-	-	-	-	16,991
Total assets	\$ -	\$ 54	\$ 9,649	\$ -	\$ 220,861	\$ 3,640	\$ 13,742	\$ 315,435	\$ -	\$ 32,823	\$ 466,006	\$ 1,062,210
LIABILITIES AND FUND BALANCES												
Liabilities:												
Payable from restricted assets:												
Deferred revenue	-	-	52	-	-	-	5,417	-	-	-	-	5,469
Due to other funds	-	-	-	-	25,037	-	-	-	-	-	-	25,037
Total liabilities	-	-	52	-	25,037	-	5,417	-	-	-	-	30,506
FUND BALANCES:												
Fund balances:												
Reserved:												
Reserved for debt service	-	-	9,597	-	195,824	3,640	8,325	-	-	-	-	217,366
Unreserved:												
Undesignated	-	54	-	-	-	-	-	315,435	-	32,823	466,006	814,318
Total fund balances	-	54	9,597	-	195,824	3,640	8,325	315,435	-	32,823	466,006	1,031,704
Total liabilities and fund balances	\$ -	\$ 54	\$ 9,649	\$ -	\$ 220,861	\$ 3,640	\$ 13,742	\$ 315,435	\$ -	\$ 32,823	\$ 466,006	\$ 1,062,210

Centerville City Corporation
Year Ended June 30, 2005

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds

	Special Revenue		Debt Service				Capital Projects				Total Nonmajor Governmental Funds	
	Municipal Building Authority	Recreation	SID 400 West	Excise Tax Bond	City Hall Revenue	SID Guarantee	SID Porter Lane	Storm Drain	Capital Projects	Project Impact		Park Improvements
Revenues:												
Special assessments	\$ -	\$ -	\$ 4,553	\$ -	\$ -	\$ -	\$ 3,077	\$ -	\$ -	\$ -	\$ -	\$ 7,630
Charges for services	-	121,375	-	-	-	-	-	127,773	-	-	117,600	366,748
Interest	-	-	49	-	1,396	-	-	8,236	-	-	1,400	11,081
Miscellaneous	-	-	-	-	-	-	-	4,126	-	-	37,945	42,071
Total revenues	-	121,375	4,602	-	1,396	-	3,077	140,135	-	-	156,945	427,530
Expenditures:												
Current operating:												
General government	727	-	-	-	-	-	3,077	-	-	-	-	3,804
Parks and recreation	-	132,464	-	-	-	-	-	-	-	-	-	132,464
Capital outlay	-	-	-	-	-	-	-	678	8,215	-	440,517	449,410
Debt service:												
Principal retirement	-	-	4,000	65,000	145,000	-	-	-	-	-	-	214,000
Interest and fiscal charges	-	-	600	3,695	61,982	-	-	-	-	-	-	66,277
Total expenditures	727	132,464	4,600	68,695	206,982	-	3,077	678	8,215	-	440,517	885,955
Excess (deficiency) of revenues over expenditures	(727)	(11,089)	2	(68,695)	(205,586)	-	-	139,457	(8,215)	-	(283,572)	(438,425)
Other financing sources:												
Transfers in	727	16,000	-	68,695	205,586	-	-	-	8,215	-	749,578	1,048,801
Total other financing sources	727	16,000	-	68,695	205,586	-	-	-	8,215	-	749,578	1,048,801
Net change in fund balance	-	4,911	2	-	-	-	-	139,457	-	-	466,006	610,376
Fund balance - beginning of year	-	(4,857)	9,595	-	195,824	3,640	8,325	175,978	-	32,823	-	421,328
Fund balance - end of year	\$ -	\$ 54	\$ 9,597	\$ -	\$ 195,824	\$ 3,640	\$ 8,325	\$ 315,435	\$ -	\$ 32,823	\$ 466,006	\$ 1,031,704

Centerville City Corporation
Year Ended June 30, 2005

Municipal Building Authority
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures				
General government	1,500	1,500	727	773
Total expenditures	1,500	1,500	727	773
Excess of revenues over expenditures	(1,500)	(1,500)	(727)	773
Other financing sources:				
Transfers in	1,500	1,500	727	(773)
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

Centerville City Corporation
Year Ended June 30, 2005

Recreation Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Recreation fees	\$ 106,250	\$ 106,250	\$ 111,133	\$ 4,883
Field use agreement	2,200	2,200	1,490	(710)
Concession sales	20,000	20,000	8,752	(11,248)
Total revenues	128,450	128,450	121,375	(7,075)
Expenditures				
Salaries and wages	47,000	47,000	42,690	4,310
Employee benefits	4,535	4,535	4,122	413
Materials, supplies and other	27,750	27,750	35,182	(7,432)
Jr. Jazz basketball	24,840	24,840	13,662	11,178
Adult recreation	500	500	-	500
Youth baseball/softball	20,000	20,000	31,583	(11,583)
Concessions - community park	10,600	10,600	5,225	5,375
Total expenditures	135,225	135,225	132,464	2,761
Excess (deficiency) of revenues over (under) expenditures	(6,775)	(6,775)	(11,089)	(4,314)
Other financing sources				
Transfers in	16,000	16,000	16,000	-
Net change in fund balance	9,225	9,225	4,911	(4,314)
Fund balance (deficit) at beginning of year	(4,857)	(4,857)	(4,857)	-
Fund balance at end of year	\$ 4,368	\$ 4,368	\$ 54	\$ (4,314)

Centerville City Corporation
Year Ended June 30, 2005

Special Improvement District 400 W. Debt Service Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special assessment	\$ 4,500	\$ 4,500	\$ 4,553	\$ 53
Interest	100	100	49	(51)
Total revenues	4,600	4,600	4,602	2
Expenditures				
Principal retirement	4,000	4,000	4,000	-
Interest and fiscal charges	600	600	600	-
Total expenditures	4,600	4,600	4,600	-
Net change in fund balance	-	-	2	2
Fund balance at beginning of year	9,595	9,595	9,595	-
Fund balance at end of year	\$ 9,595	\$ 9,595	\$ 9,597	\$ 2

Centerville City Corporation
Year Ended June 30, 2005

City Hall Revenue Bond Debt Service Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Interest	\$ 4,000	\$ 4,000	\$ 1,396	\$ (2,604)
Total revenues	4,000	4,000	1,396	(2,604)
Expenditures				
Principal retirement	145,000	145,000	145,000	-
Interest and fiscal charges	66,674	66,674	61,982	4,692
Total expenditures	211,674	211,674	206,982	4,692
Excess (deficiency) of revenues over (under) expenditures	(207,674)	(207,674)	(205,586)	2,088
Other financing sources				
Transfers in	207,674	207,674	205,586	(2,088)
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	195,824	195,824	195,824	-
Fund balance at end of year	\$ 195,824	\$ 195,824	\$ 195,824	\$ -

Centerville City Corporation
Year Ended June 30, 2005

Special Improvement District Porter Lane Debt Service Fund
Statement of Revenues, Expenditures, and Changes in
in Fund Balance - Budget and Actual

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Special assessment	\$ 3,077	\$ 3,077	\$ 3,077	\$ -
Expenditures				
General government	3,077	3,077	3,077	-
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	8,325	8,325	8,325	-
Fund balance at end of year	\$ 8,325	\$ 8,325	\$ 8,325	\$ -

Centerville City Corporation
Year Ended June 30, 2005

Excise Tax Bond Debt Service Fund
Statement of Revenues, Expenditures, and Changes in
in Fund Balance - Budget and Actual

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures				
Principal retirement	65,000	65,000	65,000	-
Interest and fiscal charges	3,695	3,695	3,695	-
Total expenditures	68,695	68,695	68,695	-
Excess (deficiency) of revenues over (under) expenditures	(68,695)	(68,695)	(68,695)	-
Other financing sources				
Transfers in	68,695	68,695	68,695	-
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

Centerville City Corporation
Year Ended June 30, 2005

Special Improvement Guarantee Debt Service Fund
Statement of Revenues, Expenditures, and Changes in
in Fund Balance - Budget and Actual

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures	-	-	-	-
Excess of revenues over expenditures	-	-	-	-
Other financing sources (uses) Transfer out	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	3,640	3,640	3,640	-
Fund balance at end of year	\$ 3,640	\$ 3,640	\$ 3,640	\$ -

Centerville City Corporation
Year Ended June 30, 2005

Capital Projects General Fund
Statement of Revenues, Expenditures, and Changes in
in Fund Balance - Budget and Actual

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues	\$ 1,951,500	\$ 1,951,500	\$ -	\$ (1,951,500)
Expenditures				
Capital outlay	1,951,500	1,951,500	8,215	1,943,285
Total expenditures	1,951,500	1,951,500	8,215	1,943,285
Excess (deficiency) of revenues over (under) expenditures	-	-	(8,215)	(8,215)
Other financing sources				
Operating transfers in	-	-	8,215	8,215
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

Centerville City Corporation
Year Ended June 30, 2005

Capital Projects Storm Drain Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Developer fees	\$ 40,000	\$ 40,000	\$ 127,773	\$ 87,773
Contributions and grants	-	-	4,126	4,126
Interest on investments	1,500	1,500	8,236	6,736
Total revenues	41,500	41,500	140,135	98,635
Expenditures				
Engineering	5,000	5,000	678	4,322
Total expenditures	5,000	5,000	678	4,322
Excess of revenues over expenditures	36,500	36,500	139,457	102,957
Other financing sources				
Transfer out	-	-	-	-
Net change in fund balance	36,500	36,500	139,457	102,957
Fund balance at beginning of year	175,978	175,978	175,978	-
Fund balance at end of year	\$ 212,476	\$ 212,478	\$ 315,435	\$ 102,957

Centerville City Corporation
Year Ended June 30, 2005

Capital Projects Project Impact Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Grants	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	32,823	32,823	32,823	-
Fund balance at end of year	\$ 32,823	\$ 32,823	\$ 32,823	\$ -

Centerville City Corporation
Year Ended June 30, 2005

Capital Projects Park Improvement Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Developer fees	\$ 50,000	\$ 120,000	\$ 117,600	\$ (2,400)
Miscellaneous	-	205,237	37,945	(167,292)
Interest	-	-	1,400	1,400
Total revenues	50,000	325,237	156,945	(168,292)
Expenditures				
Capital outlay	116,000	1,083,030	440,517	642,513
Total expenditures	116,000	1,083,030	440,517	642,513
Excess (deficiency) of revenues over (under) expenditures	(66,000)	(757,793)	(283,572)	474,221
Other financing sources				
Transfer in	121,000	757,793	749,578	(8,215)
Net change in fund balance	55,000	-	466,006	466,006
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ 55,000	\$ -	\$ 466,006	\$ 466,006

Centerville City Corporation
June 30, 2005

Statement of Net Assets
Nonmajor Proprietary Fund

	Sanitation Fund
<u>ASSETS</u>	
Current assets	
Cash and cash equivalents	\$ 120,905
Receivables	
Accounts receivable, net	61,477
Total current assets	182,382
Restricted cash	7,753
Property, plant and equipment	
Machinery and equipment	376,293
Accumulated depreciation	(312,696)
Net property, plant and equipment	63,597
Total Assets	253,732
<u>LIABILITIES</u>	
Current liabilities	
Security Deposits	7,753
Total current liabilities	7,753
Long-term liabilities:	-
Total long-term liabilities	-
Total Liabilities	7,753
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	63,597
Unrestricted	182,382
Total Net Assets	\$ 245,979

Centerville City Corporation
Year ended June 30, 2005

**Statement of Revenues, Expenses and
Changes in Fund Net Assets
Nonmajor Proprietary Fund**

	Sanitation Fund
Operating revenues	
Charges for services	\$ 683,702
Connection and servicing	8,190
Total operating revenues	<u>691,892</u>
Operating expenses	
Maintenance and supplies	1,355
Tipping fees and contractual services	595,964
Professional and technical services	700
Administration and overhead	10,430
Depreciation	13,593
Total operating expenses	<u>622,042</u>
Operating income	<u>69,850</u>
Nonoperating revenues (expenses)	
Interest revenue	<u>5,227</u>
	<u>5,227</u>
Income before transfers	75,077
Transfers in (out)	<u>(68,005)</u>
Change in net assets	7,072
Total net assets, beginning of year	<u>238,907</u>
Total net assets, end of year	<u>\$ 245,979</u>

Centerville City Corporation
Year ended June 30, 2005

Statement of Cash Flows
Nonmajor Proprietary Fund

	Sanitation Fund
Cash flows from operating activities:	
Cash received from customers (including cash deposits)	\$ 693,732
Cash paid to suppliers	(608,449)
Net cash provided by operating activities	<u>85,283</u>
Cash flows from non-capital financing activities:	
Transfers to other funds	(68,005)
Net cash provided (used) by non-capital financing activities	<u>(68,005)</u>
Cash flows from capital and related financing activities:	
Purchase of capital assets	(13,662)
Net cash provided (used) by capital and related financing activities	<u>(13,662)</u>
Cash flows from investing activities:	
Interest earned on investments	5,227
Net cash provided by investing activities	<u>5,227</u>
Net increase in cash and cash equivalents	8,843
Cash and cash equivalents at beginning of year	119,815
Cash and cash equivalents at end of year	<u>\$ 128,658</u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 69,850
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	13,593
Decrease in accounts receivable	1,840
Total adjustments	<u>15,433</u>
Net cash provided by operating activities	<u>\$ 85,283</u>

Centerville City Corporation**Capital Assets Used in the Operations of Governmental Funds****June 30, 2005****Schedule by Source**

	<u>2005</u>
Governmental funds capital assets:	
Land	\$ 4,489,276
Buildings	3,992,275
Improvements	62,283
Infrastructure	1,364,816
Machinery and equipment	789,332
Autos and trucks	1,631,220
Furniture and fixtures	66,419
Construcion in process	<u>375,951</u>
Total governmental funds capital assets	<u>\$ 12,771,572</u>
Investments in governmental funds capital assets:	
General fund	\$ 6,977,815
Capital projects fund	<u>5,793,757</u>
Total governmental funds capital assets	<u>\$ 12,771,572</u>

Centerville City Corporation
June 30, 2005

Capital Assets Used in the Operations of Governmental Funds
Schedule by Function and Activity

Function and Activity	Land	Buildings	Improvements Other Than Buildings	Infrastructure	Autos and Trucks	Machinery and Equipment	Furniture and Fixtures	Construction in Process	Total
General Government:									
Administration	\$ 69,089	\$ -	\$ -	\$ -	\$ 15,610	\$ 144,097	\$ 56,424	\$ -	\$ 285,220
Government buildings	709,942	3,193,853	12,283	-	-	-	-	-	3,916,078
	<u>779,031</u>	<u>3,193,853</u>	<u>12,283</u>	<u>-</u>	<u>15,610</u>	<u>144,097</u>	<u>56,424</u>	<u>-</u>	<u>4,201,298</u>
Public safety	140,431	-	-	-	468,246	115,444	-	-	724,121
Streets and public works	1,741,558	-	-	992,722	859,587	109,286	9,995	334,348	4,047,496
Community development	-	-	-	-	55,925	-	-	-	55,925
Parks and recreation	1,828,256	798,422	50,000	372,094	231,852	420,505	-	41,603	3,742,732
Total governmental funds	<u>\$ 4,489,276</u>	<u>\$ 3,992,275</u>	<u>\$ 62,283</u>	<u>\$ 1,364,816</u>	<u>\$ 1,631,220</u>	<u>\$ 789,332</u>	<u>\$ 66,419</u>	<u>\$ 375,951</u>	<u>\$ 12,771,572</u>
capital assets									

Centerville City Corporation
Year ended June 30, 2005

Capital Assets Used in the Operations of Governmental Funds
Schedule of Changes by Function and Activity

Function and Activity	Governmental Funds Capital Assets June 30, 2004	Additions	Deductions	Governmental Funds Capital Assets June 30, 2005
General government				
Administration	\$ 231,535	\$ 53,685	\$ -	\$ 285,220
Government buildings	<u>3,916,078</u>	<u>-</u>	<u>-</u>	<u>3,916,078</u>
Total general government	<u>4,147,613</u>	<u>53,685</u>	<u>-</u>	<u>4,201,298</u>
Public safety	664,168	59,953	-	724,121
Streets and public works	1,054,113	2,993,383	-	4,047,496
Community development	35,963	19,962	-	55,925
Parks and recreation	<u>3,257,340</u>	<u>485,392</u>	<u>-</u>	<u>3,742,732</u>
Total governmental funds capital assets	<u>\$ 9,159,197</u>	<u>\$3,612,375</u>	<u>\$ -</u>	<u>\$ 12,771,572</u>

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STATISTICAL SECTION

TABLE 1
CENTERVILLE CITY CORPORATION
General Governmental Expenditures by Function
General Fund

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Streets and Public Works</u>	<u>Community Development</u>	<u>Parks and Recreation</u>	<u>Totals</u>
1996	\$ 927,173	\$ 940,972	\$ 936,792	\$153,296	\$432,093	\$4,390,326
1997	1,060,601	1,032,456	1,341,796	162,410	498,622	4,095,885
1998	1,081,438	1,093,963	959,932	190,466	531,843	3,857,642
1999	1,181,195	1,271,196	1,270,295	196,560	549,426	4,468,672
2000	1,213,859	1,225,811	1,248,245	232,013	700,625	4,620,553
2001	1,258,892	1,459,488	1,668,002	234,768	703,646	5,324,796
2002	1,424,705	1,474,112	1,900,339	236,622	702,172	5,737,950
2003	1,518,804	1,420,511	1,346,377	228,596	790,268	5,304,556
2004	1,542,119	1,557,368	1,455,501	266,688	726,036	5,547,712
2005	1,705,151	1,634,497	1,766,837	307,930	719,921	6,134,336

TABLE 2

CENTERVILLE CITY CORPORATION
General, Special Revenue, and Debt Service Fund Revenue by Source

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Special Assess- ments</u>	<u>Licenses and Permits</u>	<u>Inter- governmental</u>	<u>Charges for Services</u>	<u>Fines and Forfeitures</u>	<u>Interest and Miscellaneous</u>	<u>Total Revenue</u>
1996	2,546,484	13,610	174,519	306,109	261,305	277,586	93,421	3,673,034
1997	2,886,172	11,741	172,532	583,783	225,448	308,562	119,765	4,308,003
1998	(1) 3,328,710	9,243	211,347	480,227	237,952	283,615	441,699	4,992,793
1999	3,580,295	20,885	224,315	474,413	168,677	299,072	215,771	4,983,428
2000	3,936,604	19,862	210,873	579,971	173,247	382,464	668,195	5,971,216
2001	4,119,822	6,105	269,128	581,888	225,616	436,780	329,252	5,968,591
2002	4,530,936	14,332	191,271	509,560	266,308	407,708	192,377	6,112,492
2003	4,257,871	18,304	172,173	486,650	220,860	401,756	194,324	5,751,938
2004	4,487,803	13,536	216,432	536,078	358,824	489,947	428,467	6,531,087
2005	4,837,131	7,630	350,931	426,605	302,201	511,430	241,892	6,677,820

(1) Redevelopment Agency increment tax enacted.

TABLE 3
CENTERVILLE CITY CORPORATION
Tax Revenue By Source (1)

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Property Tax (3)</u>	<u>General Sales and Use Tax</u>	<u>Franchise Tax</u>	<u>Total Tax Revenue</u>
1996	\$ 760,022	\$1,442,434	\$344,028	\$2,546,484
1997	812,199	1,701,187	372,786	2,886,172
1998	(2) 1,112,747	1,821,574	394,389	3,328,710
1999	1,184,786	1,945,291	450,218	3,580,295
2000	1,293,402	2,199,159	444,043	3,936,604
2001	1,332,059	2,206,024	581,739	4,119,822
2002	1,559,947	2,320,420	650,569	4,530,936
2003	1,453,230	2,163,309	641,332	4,257,871
2004	1,489,575	2,298,227	700,001	4,487,803
2005	1,522,447	2,504,964	809,720	4,837,131

(1) Includes General, Special Revenue, and Debt Service Funds.

(2) Redevelopment Agency increment tax enacted.

(3) Includes fee-in-lieu taxes.

TABLE 4

CENTERVILLE CITY CORPORATION
Property Tax Levies and Collections

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collection</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections To Tax Levy</u>
1995-96	632,342	617,749	97.69%	14,640	632,389	100.01%
1996-97	659,395	639,400	96.97%	15,273	654,673	99.28%
1997-98	659,454	633,263	96.03%	20,613	653,876	99.15%
1998-99	682,804	654,462	95.85%	27,245	681,707	99.84%
1999-00	711,405	677,582	95.25%	26,394	703,976	98.96%
2000-01	723,724	694,148	95.91%	28,824	722,972	99.90%
2001-02	789,470	741,215	95.89%	24,132	765,347	96.94%
2002-03	814,214	766,445	94.13%	33,422	799,867	98.24%
2003-04	814,784	779,167	95.60%	35,459	814,626	99.98%
2004-05	820,731	779,287	94.95%	25,969	804,916	98.07%

Source: Davis County Treasurer's Office

TABLE 5
CENTERVILLE CITY CORPORATION
Taxable and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Taxable Value (in thousands)</u>	<u>Estimated Actual Value (in thousands)</u>	<u>Ratio of Taxable to Estimated Actual Value</u>
1995-96	\$347,631	\$557,995	62.3% (2)
1996-97	386,969	640,677	60.4
1997-98	445,847	707,694	63.0
1998-99	462,364	730,190	63.3
1999-00	487,699	784,683	62.2
2000-01	529,411	846,599	62.5
2001-02	539,023	863,096	62.5
2002-03	555,436	880,247	63.1
2003-04	596,312	933,894	63.9
2004-05	610,355	961,189	63.5

- (1) Personal property taxes on motor vehicles were eliminated and replaced with a "fee-in-lieu". Taxable values do not include the value of motor vehicles.
- (2) The taxable value for residential property was changed from 66.74% of market value to 55% of market value.

Sources: Davis County Auditor's Office
Utah State Tax Commission

TABLE 6

CENTERVILLE CITY CORPORATION

Property Tax Rates - All Overlapping Governments

Last Ten Calendar Years

<u>Calendar Year</u>	<u>Davis County School</u>	<u>Davis County</u>	<u>Weber Basin Water</u>	<u>Mosquito Abatement</u>	<u>South Davis Sewer</u>	<u>Center- ville City</u>	<u>Total Levy for Davis County Library</u>	<u>Centerville City Residential</u>
1994	1.0325%	.3621%	.0187%	.0078%	.0586%	.2582%	.0389%	1.7768%
1995	1.0270%	.3410%	.0184%	.0076%	.0571%	.2501%	.0382%	1.7394%
1996	.8339%	.3013%	.0165%	.0068%	.0471%	.1819%	.0335%	1.4210%
1997	.7408%	.2848%	.0154%	.0066%	.0457%	.1704%	.0321%	1.2958%
1998	.7604%	.2648%	.0145%	.0123%	.0424%	.1567%	.0298%	1.2809%
1999	.7393%	.1833%	.0139%	.0120%	.0415%	.1579%	.0292%	1.1771%
2000	.7513%	.1710%	.0200%	.0062%	.0393%	.1477%	.0435%	1.1790%
2001	.7600%	.1474%	.0193%	.0061%	.0358%	.1464%	.0431%	1.1581%
2002	.7588%	.1650%	.0193%	.0061%	.0361%	.1466%	.0431%	1.1750%
2003	.7731%	.1954%	.0196%	.0094%	.0364%	.1470%	.0434%	1.2243%
2004	.7821%	.1948%	.0198%	.0093%	.0360%	.1459%	.0432%	1.2470%

TABLE 7
CENTERVILLE CITY CORPORATION
Special Assessment Collections

Last Ten Fiscal Years

<u>Fiscal year</u>	<u>Current Assessments Due</u>	<u>Current Assessments Collected</u>	<u>Percentage of Collection to Amount Due</u>	<u>Total Outstanding (Current, Delinquent and Deferred) Assessments</u>
1996	\$10,318	\$13,610	132%	\$42,603
1997	11,000	11,741	107%	29,587
1998	15,758	9,293	59%	61,905
1999	15,202	20,855	137%	43,688
2000	9,225	19,862	215%	33,051
2001	20,933	6,105	29%	47,879
2002	8,793	14,331	162%	42,341
2003	17,904	18,304	103%	24,037
2004	17,727	8,850	49%	15,187
2005	6,583	3,301	50%	11,886

Source: Centerville City Finance Office

TABLE 8
CENTERVILLE CITY CORPORATION
Computation of Legal Debt Margin
June 30, 2005

Total Assessed Value		<u>\$610,355,000</u>
Legal debt margin - 4%		\$ 24,414,200
Amount of debt applicable to debt limits:		
General obligation bonds	-	
Special assessment bonds	<u>\$8,000</u>	<u>8,000</u>
Legal debt margin		<u>\$ 24,406,200</u>

TABLE 9
CENTERVILLE CITY CORPORATION
Computation of Direct and Overlapping Debt
June 30, 2005

<u>Name of Governmental Unit</u>	<u>Net Outstanding Debt (1)</u>	<u>Percent Applicable to Centerville</u>	<u>Amount Applicable to Centerville</u>
State of Utah	\$1,514,510,000	.52%	\$ 7,875,452
Davis County School District	210,890,000	6.45	13,602,405
Davis County	3,380,000	6.45	218,010
Weber Basin Water Conservancy District	<u>36,603,445</u>	2.55	<u>933,388</u>
Total Overlapping Debt	<u>\$1,765,383,445</u>		<u>\$22,629,255</u>

(1) Source: Respective governmental units listed.
Includes general bonded debt only.

TABLE 10

CENTERVILLE CITY CORPORATION
Revenue Bond Coverage

Last Ten Fiscal Years

WATER REVENUE BONDS

<u>(1)</u> <u>Fiscal</u> <u>Year</u>	<u>Gross</u> <u>Revenue</u>	<u>Operating</u> <u>Transfers</u>	<u>Expenses</u> <u>Net of</u> <u>Depre-</u> <u>ciation</u>	<u>Net Revenue</u> <u>Available</u> <u>For Debt</u> <u>Service</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage</u>
1996	1,230,284	(265,808)	337,473	627,003	78,000	21,708	99,708	6.29
1997	978,785	(280,677)	410,338	287,770	61,000	17,832	78,832	3.65
1998	1,056,371	(104,593)	597,418	354,360	72,000	12,982	84,982	4.17
1999	1,109,476	(103,296)	595,281	410,899	75,000	9,307	84,307	4.88
2000	1,115,988	(280,224)	460,969	374,795	79,000	5,450	84,450	4.44
2001	1,162,043	(269,675)	532,221	360,147	43,000	1,075	44,075	8.17
2002 (2)	1,162,303	(300,839)	545,534	315,930	-	-	-	-
2003	1,318,059	(280,416)	747,669	289,974	-	107,922	107,922	2.68
2004	1,376,640	(312,500)	939,970	124,170	155,000	166,401	321,401	.39
2005	1,327,370	(316,378)	888,908	122,084	155,000	107,995	262,995	.46

(1) Total revenues (including interest) excluding construction and development fees.

(2) The Series 1990 Water Revenue Bonds were paid off in 2001.

TABLE 11
CENTERVILLE CITY CORPORATION
Demographic Statistics

United States Census:

Year	Population
1920	787
1930	996
1940	1,032
1950	1,262
1960	2,361
1970	3,268
1980	8,069
1990	11,500
2000	14,585

Age Distribution of Population:

Age	Number	Percent
Under 5	1,186	8.1%
5-9	1,369	9.4
10-14	1,591	10.9
15-19	1,682	11.5
20-24	1,093	7.5
25-34	1,582	10.8
35-44	2,087	14.3
45-54	1,994	13.7
55-59	593	4.1
60-64	384	2.6
65-74	604	4.1
75-84	332	2.3
85+	88	.6
	<u>14,585</u>	

Median Age: 27

TABLE 12
CENTERVILLE CITY CORPORATION
Property Value and Construction
Last Ten Years

<u>Calendar Year</u>	<u>Non-Residential Construction</u>		<u>Residential Construction</u>		<u>Estimated Property Value (in thousands)</u>
	<u>No. of Units (1)</u>	<u>Value</u>	<u>No. of Units (1)</u>	<u>Value</u>	
1995	14	\$1,245,015	188	\$17,398,011	\$355,951
1996	23	7,321,760	71	6,359,106	557,995
1997	24	2,199,658	73	8,012,680	640,677
1998	11	5,365,427	107	11,616,460	707,694
1999	21	2,080,989	85	10,675,645	730,190
2000	18	10,862,132	63	10,027,418	784,683
2001	19	6,091,553	42	7,022,065	846,599
2002	8	1,036,148	38	6,393,734	880,247
2003	28	4,010,883	27	5,483,239	933,894
2004	18	1,767,530	72	19,088,000	961,189

(1) Includes only new construction (remodels, additions, etc. are not included)

Note: Amounts are reported on a calendar year basis.

Source: Centerville City Inspection Department

TABLE 13
CENTERVILLE CITY CORPORATION
Principal Taxpayers

June 30, 2005

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Taxable Value</u>	<u>Percentage of Total Taxable Value</u>
Dayton Hudson Corporation	Retail	\$23,506,869	3.85%
HD Development of Maryland Inc.	Retail	7,060,000	1.16%
Pacificorp	Electrical Utility	7,018,299	1.15%
Dayton West LLC	Commercial Real Estate	6,800,000	1.11%
Albertson's	Retail	5,004,962	0.82%
Dika Properties	Retail	3,450,000	0.67%
Syro Steel	Manufacturing	4,198,104	0.59%
Hale Industries	Commercial	2,999,289	0.49%
Questar Gas	Natural Gas Utility	2,532,038	0.41%
Qwest Corporation	Communications	<u>2,511,668</u>	<u>0.41%</u>
		<u>\$65,081,229</u>	<u>10.66%</u>

Sources: Davis County Assessor's Office
Davis County Auditor's Office

TABLE 14
CENTERVILLE CITY CORPORATION
Miscellaneous Statistics
June 30, 2005

Date of Incorporation	May 17, 1915
Form of Government	Council/Mayor w/Manager by ordinance
Population (2000 census)	14,585
Area	6.0 square miles
Miles of Streets	57 Miles
Number of Street Lights	720
Fire Protection:	
Number of Stations	1
Number of Full-Time Firemen	4
Number of Part-Time Firemen	36
Police Protection:	
Number of Stations	1
Number of Policeman and Officers	16
Education:	
Number of High Schools	0
Number of Junior High Schools	1
Number of Elementary Schools	4
Number of Administrative Personnel	97
Number Teachers	168
Number of Students	2,907
Municipal Water Department:	
Number of Customers	4,261
Average Daily Consumption:	
Commercial	471,270 Gallons
Residential	1,138,900 Gallons
Miles of Water Mains	69 miles
Sewers:	
Sanitary Sewers	64 miles
Storm Sewers	22 miles
Building Permits Issued	97
Predominant Religion	LDS (Mormon)
Percent of Population	85%
Number of Congregations	33
Number of Chapels	16
Recreation and Culture:	
Number of Parks	4
Number of Boweries	6
Number of Tennis Courts	2
Number of Soccer Fields	2
Number of Baseball Diamonds	4
Number of Youth in Recreation Programs	3,375
Employees:	
Full-time	49
Part-time	93

**CENTERVILLE CITY CORPORATION
CENTERVILLE, UTAH**

**REPORTS ON COMPLIANCE AND INTERNAL CONTROL
INCLUDING STATE LEGAL COMPLIANCE REPORT**

YEAR ENDED JUNE 30, 2005

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Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation

CERTIFIED PUBLIC ACCOUNTANTS

559 West 500 South
Bountiful, Utah 84010
801-296-0200
Fax 801-296-1218

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Mayor & Members of the City Council
Centerville City Corporation, Utah

We have audited the basic financial statements of Centerville City Corporation as of and for the year ended June 30, 2005, and have issued our report thereon dated December 5, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Centerville City Corporation's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the City, in a separate letter dated December 5, 2005.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Centerville City Corporation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Centerville City Corporation in a separate letter dated December 5, 2005.

Lynn Hansen, CPA
Clarke R. Bradshaw, CPA
Gary E. Malmrose, CPA
Edwin L. Erickson, CPA
Michael L. Smith, CPA
Jason L. Tanner, CPA
Rick Lifferth, CPA

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American Institute
of Certified Public
Accountants

Members of the
Private Company
Practice Section

This report is intended solely for the information and use of management, the City Council and others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hansen, Bradshaw, Malmrose & Erickson, P.C.

December 5, 2005

Hansen, Bradshaw, Malmrose & Erickson

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STATE LEGAL COMPLIANCE REPORT

Honorable Mayor and Members of City Council
Centerville City Corporation
Centerville, Utah

We have audited the basic financial statements of Centerville City for the year ended June 30, 2005 and have issued our report thereon dated December 5, 2005. As part of our audit, we have audited compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended June 30, 2005. The City received the following major State assistance programs from the State of Utah:

C Road Funds (Department of Transportation)

Our audit also included testwork on the City's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Public Debt
Cash Management
Purchasing Requirements
Budgetary Compliance
Truth in Taxation & Property Tax Limitations
Liquor Law Enforcement
Justice Courts Compliance

The management of Centerville City is responsible for the City's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed an immaterial instance of noncompliance with the requirements referred to above, which is described in the accompanying schedule of findings. We considered this instance of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Centerville City complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2005.

Hansen, Bradshaw, Malmrose & Erickson, P.C.

December 5, 2005

CENTERVILLE CITY CORPORATION
Schedule of Findings
Year Ended June 30, 2005

Requirement/Program

Current Year Findings

1. Budgetary
Compliance

Finding: In accordance with State law, officers and employees of an entity shall not incur expenditures or encumbrances in excess of the total appropriation for any department. For the year ended June 30, 2005, expenditures exceeded budgeted amounts in the following departments.

<u>Fund</u>	<u>Department</u>	<u>Amount Over Budget</u>
General Fund	Streets and public works	\$40,720

Recommendation: The City should monitor the status over expenditures as compared to budget through the year.

Management's Response: The City contracted for various street improvements to be completed through the spring and summer of 2005. A considerable amount of the projects were anticipated to be completed after June 30. The project was completed in the field ahead of schedule, substantially completed on June 29, 2005. However, submission of the payment request and review of the City engineer take considerable time, and was not submitted to the City until September 7, 2005. From this payment \$232,771.04 was accrued into 2005, causing the 2005 budget to be over budget. Although problematic, to avoid future occurrences the finance department will work closely with the city engineer on the progress of projects in the future.